

S
351.7232
L72dca
1981

PLEASE RETURN

STATE DOCUMENTS COLLECTION

AUG 24 1982

MONTANA STATE LIBRARY
930 E Lyndale Ave.
Helena, Montana 59601

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS

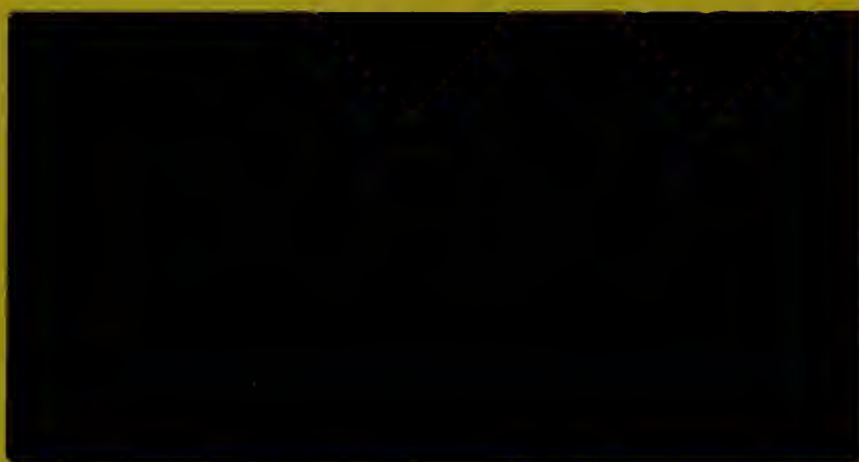
FINANCIAL STATEMENTS
For Fiscal Years Ended June 30, 1980 and 1981

Prepared By
HAAS & HINTZ, PSC
Helena, Montana



OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MONTANA
STATE CAPITOL • HELENA





CP 8844
23

MONTANA STATE LIBRARY

S 351.7232 L72dca 1981 c.1

State of Montana, Department of Community Affairs



3 0864 00038737 6

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS

FINANCIAL STATEMENTS
For Fiscal Years Ended June 30, 1980 and 1981

Prepared By
HAAS & HINTZ, PSC
Helena, Montana

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS

Table of Contents

	Page
Appointive and Administrative Officials	ii
Letter from Office of the Legislative Auditor	iii
Summary of Recommendations	iv
 <u>General Comments and Recommendations</u>	
Introduction	1
Aeronautics Division	1
Air Transportation Division	1
Highway Safety Division	2
Community Services Division	2
Local Government Services Division	2
Community Development Division	2
Research and Information Division	3
Centralized Services Division	3
Coal Unit	3
Indian Affairs Unit	4
Board of Aeronautics	4
Board of County Printing	4
Coal Board	4
 <u>Comments</u>	
Introduction	5
General Accounting Procedures	5
Accounts Receivable	6
Aeronautics Division Notes Receivable	7
Contingent Revolving Fund	7
Fixed Asset Inventory	8
Federal Programs	9
Purchasing Procedures	10
Payroll Procedures	10
Coal Board Grants	11
Accounting and Indirect Cost Plan	11
Prior Audit Recommendations	13
Final Comments	13
 <u>Auditor's Report and Financial Statements</u>	
Auditor's Report	14
Combined Balance Sheet - All Funds	16
Combining Balance Sheets -	
Earmarked Revenue Fund	17
Federal and Private Revenue Fund	18
Federal and Private Grant Clearance Fund	19
Revolving Fund	20

Combined Statement of Revenue, Expenditures and Changes in Fund Balance for 1980	21
Combining Statement of Revenue, Expenditures and Changes in Fund Balance -	
Earmarked Revenue Fund	22
Federal and Private Revenue Fund	23
Federal and Private Grant Clearance Fund	24
Revolving Fund	25
Combined Statement of Revenue, Expenditures and Changes in Fund Balance for 1981	26
Combining Statement of Revenue, Expenditures and Changes in Fund Balance -	
Earmarked Revenue Fund	27
Federal and Private Revenue Fund	28
Federal and Private Grant Clearance Fund	29
Revolving Fund	30
Combined Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual - 1980 . . .	31-32
Combined Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual - 1981 . . .	33-34
Notes to the Financial Statements	35
Supplemental Schedule - Federal Funds 1980	40
Supplemental Schedule - Federal Funds 1981	41
Agency Replies -	
Department of Administration	42
Department of Commerce	43
Department of Labor	47
Department of Social and Rehabilitative Services	48

APPOINTED AND ADMINISTRATIVE OFFICIALS

BOARD OF AERONAUTICS

Herb Sammons, Chairman	Cut Bank	1/7/85
Robert Miller	Dillon	1/7/85
Richard O'Brien, Vice Chairman	Conrad	1/1/83
Bruce Vanica	Billings	1/1/83
Maurice Sandmeyer	Sidney	1/7/85
James Mc Lean	Bozeman	1/7/85
Clarence Ugren	Miles City	1/1/83

COAL BOARD

Hershel Robbins, Chairman	Roundup	1/7/85
Paul Palm, Vice Chairman	Hardin	1/1/83
Henry Siderius	Kalispell	1/1/83
Dr. Dale Tash	Dillon	1/1/83
Darcy Galasso	Butte	1/7/85
Nell Kubesh	Glendive	1/7/85
Jack Stevens	Great Falls	1/7/85

COUNTY PRINTING BOARD

Larry Bowles	Scobey	4/1/83
Ron Lytle	Hardin	4/1/83
Everett Elliott	Conrad	4/1/83
Merle Thorstad	Lloyd	4/1/83
Dan Rieder	Bozeman	4/1/83

ADMINISTRATION

Harold A. Fryslie, Administrator
Department of Community Affairs 6/30/81

Gary Buchanan, Administrator
Department of Commerce

John LaFaver, Administrator
Department of Social and Rehabilitative Services

Morris Brusett, Administrator
Department of Administration

Combined Statement of Revenue, Expenditures and Changes in Fund Balance for 1980	21
Combining Statement of Revenue, Expenditures and Changes in Fund Balance -	
Earmarked Revenue Fund	22
Federal and Private Revenue Fund	23
Federal and Private Grant Clearance Fund	24
Revolving Fund	25
Combined Statement of Revenue, Expenditures and Changes in Fund Balance for 1981	26
Combining Statement of Revenue, Expenditures and Changes in Fund Balance -	
Earmarked Revenue Fund	27
Federal and Private Revenue Fund	28
Federal and Private Grant Clearance Fund	29
Revolving Fund	30
Combined Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual - 1980 . . .	31-32
Combined Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual - 1981 . . .	33-34
Notes to the Financial Statements	35
Supplemental Schedule - Federal Funds 1980	40
Supplemental Schedule - Federal Funds 1981	41
Agency Replies -	
Department of Administration	42
Department of Commerce	43
Department of Labor	47
Department of Social and Rehabilitative Services	48

APPOINTED AND ADMINISTRATIVE OFFICIALS

BOARD OF AERONAUTICS

Herb Sammons, Chairman	Cut Bank	1/7/85
Robert Miller	Dillon	1/7/85
Richard O'Brien, Vice Chairman	Conrad	1/1/83
Bruce Vanica	Billings	1/1/83
Maurice Sandmeyer	Sidney	1/7/85
James Mc Lean	Bozeman	1/7/85
Clarence Ugren	Miles City	1/1/83

COAL BOARD

Hershel Robbins, Chairman	Roundup	1/7/85
Paul Palm, Vice Chairman	Hardin	1/1/83
Henry Siderius	Kalispell	1/1/83
Dr. Dale Tash	Dillon	1/1/83
Darcy Galasso	Butte	1/7/85
Nell Kubesh	Glendive	1/7/85
Jack Stevens	Great Falls	1/7/85

COUNTY PRINTING BOARD

Larry Bowles	Scobey	4/1/83
Ron Lytle	Hardin	4/1/83
Everett Elliott	Conrad	4/1/83
Merle Thorstad	Lloyd	4/1/83
Dan Rieder	Bozeman	4/1/83

ADMINISTRATION

Harold A. Fryslie, Administrator
Department of Community Affairs 6/30/81

Gary Buchanan, Administrator
Department of Commerce

John LaFaver, Administrator
Department of Social and Rehabilitative Services

Morris Brusett, Administrator
Department of Administration

Office of the Legislative Auditor



STATE CAPITOL
HELENA, MONTANA 59620
406/449-3122

JAMES H. GILLETT, C.P.A.
ACTING LEGISLATIVE AUDITOR

November 1981

JOHN W. NORTHEY
STAFF LEGAL COUNSEL

The Legislative Audit Committee
of the Montana State Legislature:

Transmitted herewith is the report on the audit of the Department
of Community Affairs for the two fiscal years ended June 30, 1980
and 1981.

The audit was conducted by Haas and Hintz, PSC, CPAs, under a con-
tract between the firm and our office. The comments and recommen-
dations contained in this report represent the views of the firm
and not necessarily the Legislative Auditor.

The agency's written response to the report recommendations is
included in the back of the audit report.

Respectfully submitted,

A handwritten signature in cursive script that reads "James H. Gillett".

James H. Gillett, CPA
Acting Legislative Auditor

Fixed Asset Inventory

8

- 1) We recommend that the Department review the PAMS inventory list as soon as possible and correctly identify location of all fixed assets remaining with the Department.

Department of Commerce Response: Concur.

Federal Programs

10

- 1) We recommend that the Department work to improve the HUD Section 8 Accounting System so that incorrect payments are not made to landlords.
- 2) We recommend that the Department establish applicable federal budgets on continuing responsibility centers.
- 3) We recommend that the Department develop uniform grant payment procedures for all federal programs administered by the Division with as much as possible being done at the Division level.
- 4) We recommend that the Department reconcile the cash balances in Accounting Entity 04048 as soon as possible and implement procedures which will account for balances on individual federal programs on an ongoing basis.

Department of Commerce Response: Concur.

Purchasing Procedures

10

- 1) We recommend that the Department assure prior approval before the purchase of nonroutine items as well as requiring a requisition for all routine supply items.

Department of Commerce Response: Concur.

Payroll Procedures

11

- 1) We recommend that the Department require employees to sign their payroll status form before payroll deductions are authorized.

Department of Commerce Response: Concur.

Coal Board Grants

11

- 1) We recommend that the Department establish the audit schedule for local grants made by the Coal Board as soon as possible.

Department of Commerce Response: Concur.

- 1) We recommend that the Department request audits from delegate agencies so that the final program audit of the Division funds can be completed.
- 2) We recommend that the Department do a complete reconciliation of the 1981 indirect cost proposal used by the Community Services Division, with the final rate being negotiated with the Department of Labor to assure payment of all administrative funds incurred by the Division.

Department of Labor Response: Concur.

Department of Social and Rehabilitative Services
Response: Concur.

GENERAL COMMENTS REGARDING ORGANIZATION AND OPERATIONS

INTRODUCTION

The Department of Community Affairs was created by Executive Order of the Governor on September 30, 1972, under authority of the Executive Reorganization Act of 1971. It was originally titled the "Department of Intergovernmental Relations" and was renamed the "Department of Community Affairs" in 1975. The establishment of the Department brought together under a single head a number of diverse and formerly autonomous units of government whose common bond was that each dealt extensively with local governments, the federal government, or both. With the advent of the new administration in January of 1981, a subsequent plan of executive reorganization was proposed and adopted which actually abolished the Department at June 30, 1981. As part of that plan the Air Transportation Division, which had been formed after the 1979 session of the legislature, was discontinued in February of 1981. The Community Services Division was terminated in May of 1981.

The Department was headed by a director who was appointed by and served at the pleasure of the Governor. The administrative structure during fiscal year 1980 and 1981 included eight divisions with two units and three boards attached for administrative purposes. A brief description of the divisions, units, and boards, and the functions assigned to each is contained in the following paragraphs.

AERONAUTICS DIVISION

The Aeronautics Division was generally responsible for promoting and assisting in the development of aeronautics in the state. Specific duties included the licensing of all pilots and aircraft operating in the state and enforcing the requirements for liability insurance for commercial carriers. They also supervised and promoted pilot training programs and other educational programs related to aviation as well as coordinating search efforts for missing aircraft. They operated and maintained 11 state-owned airports and numerous light and signal beacons and administered a grant and loan program to make available state funds to help build or improve airport facilities. The Aeronautics Division was transferred to the new Department of Commerce at July 1, 1981.

AIR TRANSPORTATION DIVISION

The Air Transportation Division was established as a separate division as of July 1, 1979. The air transportation pool had originally been administered by the Aeronautics Division and operations had on occasion been subsidized by earmarked revenue. With the establishment of the separate division, the legislature had appropriated a beginning operations fund and required the Division to operate on a cost recovery basis. Several planes owned by the state were transferred to the Division. The Division was unable to recover costs of operations and the 1981 session abolished the pool and transferred the equipment to other state agencies.

HIGHWAY SAFETY DIVISION

The Highway Safety Division was authorized by the Governor to represent his office and the state in all matters pertaining to highway safety. The Division was funded primarily by Federal Department of Transportation monies, most of which "pass through" to other state and local government units for safety projects. Seventy percent of the funds are spent for programs of educational research which are aimed at reducing the accident rates, severity of accidents and accident fatality rates on the state's highways. The remaining 30 percent of the available funds are used to purchase capital items such as radar units, ambulances or radio equipment or for engineering projects. The Division was transferred to the Justice Department on July 1, 1981.

COMMUNITY SERVICES DIVISION

The Community Services Division administered the state laws, and the federal funds and authorizations available to the state to provide economic opportunity for the low-income and minority population. The Division acted as an advocate for the poor on the state level and assisted local community action agencies with development of social action projects which were intended to increase citizen participation in the decision-making processes of state and local governments. During the audit period, the major portion of the funding was for programs to train youth and unemployed persons, to assist migrant workers in the state, to assist the low-income population with energy conservation and energy related problems, to help the low-income people to pay their fuel bills and administer United States Department of Agriculture nutrition programs for the low income. The Division was abolished in May of 1981 and programs were transferred to the Department of Social & Rehabilitative Services and Department of Labor and Industry.

LOCAL GOVERNMENT SERVICES DIVISION

The Local Government Services Division provided services to local government units in the areas of accounting, auditing, systems development, procurement and financial management. Primary emphasis in the past few years has been the development and implementation of the Budgeting, Accounting and Reporting Systems for cities, towns and county governments. One bureau of the Division provided audit services to local government units including school districts, fire and irrigation districts. Part of that function was supervision of audits performed by CPA firms. The Division was transferred to the Department of Administration as of July 1, 1981.

COMMUNITY DEVELOPMENT DIVISION

The Community Development Division was charged with promoting community development by providing to local governments financial and technical assistance in areas of planning, housing needs, zoning

and sub-division regulation. The Division also administered programs funded by the Urban Mass Transit Administration to provide better transportation. Additional duties included assisting communities with the design, programming, and funding of local public facilities such as sewer and water systems or public buildings. Because of the Federal Community Development Block grants, there was increased involvement of the state in locality development projects. Federal Housing and Urban Development programs administered by the Division included the Section 8 Rent Subsidy program for existing housing and Section 701 planning funds which were available to help community planning boards and to generally improve the quality of housing in the state. The Division was reorganized into two separate functions of Housing and Transportation and was placed in the Department of Commerce.

RESEARCH AND INFORMATION SYSTEMS DIVISION

The Research and Information Systems Division was the primary research and statistical agency in Montana state government and had been designated as the state Data Center to receive and disseminate data from the Federal Census Bureau. The Division published studies, statistical reports and research reports and distributed them to local governments, state agencies, or the general public free of charge or for a cost recovery fee. They also performed contract with other agencies for statistical and research programs. The Division promoted statewide economic development and planning and worked to attract new industries to Montana and to expand existing industries. Another important function was to develop the Montana Geo-Data System; a natural resource and geographic information system which includes data for computer mapping and storage of information on natural resources such as water and land ownership. In addition, the Division maintained various in-house computer files for employee annual leave and sick leave, pay history, and employee data. The Division was transferred to the Department of Administration as of July 1, 1981.

CENTRALIZED SERVICES DIVISION

As part of the Executive Reorganization, each department of state government established a Centralized Services Division. It was the Division's responsibility to provide accounting, payroll, purchasing and other internal services to the other divisions. Other services included auditing some federal program grants at the local government level and providing technical assistance to grantees in accounting. The department director's staff and staff attorney were also budgeted under the Centralized Services Division. A portion of the functions of the Division were transferred to the new Department of Commerce.

COAL UNIT

The Department was assigned the responsibility for providing staff and office space for the Coal Unit which is the administrative unit for the Coal Board. The Coal Unit assisted local governments with application procedures for coal impact grants, monitored the progress of on-going projects and assured payments to grantees. The staff also provided research and administrative functions for the lay board. The Coal Unit was assigned to the new Department of Commerce.

INDIAN AFFAIRS UNIT

The Indian Affairs Unit developed and promoted programs to aid the Indian population in Montana, especially to improve their general economic condition. The Unit served as advisor to and liaison for Indian people with state government agencies. The Indian Affairs Unit was also transferred to the Department of Commerce.

BOARD OF AERONAUTICS

The Board of Aeronautics grants certificates of need which allow air carriers to provide services in Montana. They also act as advisor to the Aeronautic Division on matters pertaining to aircraft use in the state and represent the population concerned with air transportation. They were attached to the Department of Commerce July 1, 1981, and continue to serve the Aeronautics Division.

BOARD OF COUNTY PRINTING

The Board of County Printing meets annually to set maximum rates and necessary standards for printed matter used by county governments. They also are responsible for publishing the rates and standards and distributing them to the counties. This Board was also attached to the Department of Commerce in the reorganization.

COAL BOARD

The Coal Board is a seven-member lay board whose responsibility is to review applications and award grants from the Local Impact Fund of the Coal Severance Tax. Grants may be made to local government units which have been required to expand the provision of public service as the result of coal development. Grants have been made for building public facilities, purchase of capital equipment and planning for community growth due to projected coal development. To date all grants have been for physical improvements and planning functions; however, the Board anticipates future requests for assistance with human services projects in the impacted areas. The Board is attached to the Department under Section 90-6-204(4) MCA which states "The department of community affairs will provide suitable office facilities and the necessary staff for the coal board." The Department of Commerce has assumed the responsibility as of July 1, 1981.

COMMENTS

INTRODUCTION

The primary purpose of our examination of the financial statements of the various funds of the Department of Community Affairs for the fiscal years ended June 30, 1980 and 1981, was to enable us to form an opinion as to the financial position of the various funds at June 30, 1981, and the results of operation of such funds for the years then ended, and to test for compliance with state and federal laws applicable to the agency.

As part of our examination we made a study and evaluation of the Department's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Department's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Department is responsible for establishing and maintaining a system of internal accounting control and for complying with the applicable state and federal regulations. In fulfilling this responsibility, estimates and judgment by management are required to assess the expected benefits and related costs of control procedures. The objectives of the system are to provide management with reasonable, but not absolute assurance, that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principals.

Because of inherent limitations in any system of accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Department of Community Affairs taken as a whole. However, we have noted certain areas where financial matters should be considered, accounting procedures improved, and internal control strengthened. The following summarizes our comments and recommendations.

GENERAL ACCOUNTING PROCEDURES

The Department maintained its basic accounting records on the Statewide Budget and Accounting System. There had been considerable improvement

in the internal control procedures and use of SBA System since the last audit. Several of the features which are part of SBAS, II, had been utilized and provided better management information as well as accounting records for the Department. We found, however, the following weaknesses in the accounting procedures.

ACCOUNTS RECEIVABLE

There were three major accounts receivable files in the Department during the audit period which were as follows:

- (1) The Air Transportation Division charges for the state aircraft pool.
- (2) Local Government Services Division charges for local government audits, and
- (3) Research and Information Division charges for publications and reports.

The Centralized Services Division maintained some subsidiary detail on all three files and then entered totals due on SBAS general ledger. They also coordinated the billing and collection procedures although the divisions did their own actual billing. The Air Transportation Division was abolished in February of 1981 and the year-end general ledger indicated there were no outstanding balances on accounts receivable. The Local Government Services Division charges for local government audits subsidiary detail agreed with the amount on the General Fund general ledger.

We did, however, find several problems in the File Management Account which was also noted in the last audit report as having considerable problems. The Department personnel are no longer maintaining two sets of subsidiary ledgers and the general collection and billing information was being independently entered on the SBAS account. We noted that there was a better separation of duties and that prenumbered invoices and receipts were being used to bill or/and record payment of outstanding accounts. We found, however, that there were several invoices in the outstanding file which had not been recorded on the outstanding list and we also found that payments made on no warrant transfers could not be easily traced through the SBAS file. The secretary for the Research and Information Division is responsible for preparing invoices and sending bills. Copies of the invoices were sent to Centralized Services where they were added and entered in total on SBAS. No procedure had been established, however, to reconcile the outstanding or unpaid invoices in the Research and Information files with the list of outstanding accounts or to the total on the SBAS system. When the prenumbered invoices were first used, the secretary did not understand that voided invoices must also be retained. Although a good attempt had been made to improve the procedures for billing and collection in the File Management account, it was obvious that not all the problems had been corrected. As of July 1, 1981 the Division had been transferred to the Department of Administration, which has no Centralized Services Division. In our opinion, it will be important for the Research and Information Division to seek

technical assistance in establishing proper procedure for handling of the File Management Account including learning how to reconcile the outstanding list monthly with the control account on the Statewide Budgeting and Accounting System.

RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT:

Seek technical accounting assistance in establishing a procedure for billing, collection, and reconciliation of the accounts receivable with control account for the File Management Account of the Research and Information Division.

AERONAUTICS DIVISION'S NOTES RECEIVABLE

We found that the audit recommendations from the prior report had been implemented quite satisfactorily. A new deferred notes receiveable account had been established on the SBA System, all of the applications were on file, and all notes were proper obligations this fiscal period. The one problem that we noted, however, was that a warrant was requested on July 31, 1980, for a grant payment and was held at the Division until October 22, 1980. We understand that the payment had been ordered and was received at the Division prior to the completion of the required loan application and approval. It was obviously held until all work was completed. There is a danger, however, that warrants held for an extended period of time may be lost or inadvertently sent prior to the correct time. In our opinion, it would be preferable not to request preparation of a warrant until the Division was assured that all of the paperwork was complete and the payment could be promptly sent out.

RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT:

Not request warrants for grants or loan proceeds until all of the required paperwork is completed and the warrants can be distributed.

CONTINGENT REVOLVING FUND

The last audit report for the Department of Community Affairs contained several recommendations for changes in the Contingent Revolving Fund. Our review of procedures at this time indicated very little change has taken place in the use of that fund. The total amount deposited in the fund has increased from \$12,500 to \$15,000 which has been taken from five of the accounting entities administered by the Department. The account is not used a contingent account, rather it should more properly be called a "Travel Revolving Account" as all travel advances and travel claims for employees, consultants, and advisory board members are paid from the account. Travel advances are usually made on a per-trip basis and employees who are required to travel extensively are reimbursed for travel bi-weekly. Consequently, there is a tremendous amount of

activity in the fund and it needs to be replenished several times monthly. We were told that the procedure established on the Statewide Budgeting and Accounting System for either per-trip or permanent travel advances and travel reimbursement was not being used because it took several days to get a warrant through the System. It is our understanding that warrants are written in SBAS nearly every other day and there should be no reason for any excess delay in processing claims. The procedure used by the Department requires several entries in a hand-posted ledger as well as preparing rather complex multiple vendor transfer warrant claims.

We also agree with prior audit recommendations that the procedure for requesting travel advances and paying reimbursement is confusing. The same form is used to request both the advance and to pay the travel claim and at times advances and reimbursement claims overlap in a time period and must be carefully reviewed. Although in our sample, we found no errors, we feel the potential for error is very great, and we reaffirm the recommendations in the prior audit report.

RECOMMENDATIONS

WE RECOMMEND THAT THE DEPARTMENT:

- (1) Develop a travel advance request form with a statement of obligation to be signed by the employee.
- (2) Make permanent travel advances to employees with high travel requirements and record such advances on SBAS in the Employee Travel Advance Account.
- (3) Use the Contingent Revolving Fund only for emergencies and pay all routine travel claims on SBAS transfer warrant claims.

FIXED ASSET INVENTORY

The Fixed Asset Inventory for the Department has been recorded on the Property Accounting Management System which is integrated with the Statewide Budget and Accounting System. Therefore, the Department does have a fixed asset fund. The procedures for recording purchase of fixed assets seem to be adequate and our only problem with the system was locating items on the inventory list. We recognize that shortly before our field work began, the Department had undergone a major reorganization and considerable physical moves of personnel to different locations in the building, as well as other locations. When we first reviewed the inventory list there were several articles which could not be located. Department personnel were able to subsequently find all of the items indicated. We understand the problems involved with identifying location of inventory after such a major move. However, we feel that the sooner this work is completed, the easier it will be.

RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT:

Review the PAMS inventory list as soon as possible and correctly identify location of all fixed assets remaining with the Department.

FEDERAL PROGRAMS

During this audit period, the Department has administered various federal programs with funds available to support Department expenditures as well as to 'pass through' to local governments. It was the Department's responsibility to accurately record the receipt and disbursement of the funds and to make the required federal reports. For some of the grants in question, the Department was also responsible for certain statistical information. It was our perception that there had been some improvement in the use of the SBAS System for accounting for federal grants; however, there still seems to be some items which could be improved. Specific recommendations in the prior audit report concerned computerization of the HUD Section 8 Landlord Ledgers, the use of continuing responsibility centers, and better coordination of procedures for preparing SBAS input documents.

The Housing & Urban Development Section 8, Rent Subsidy Program Landlord Ledger, has been computerized and use of the hand-posted ledger has been discontinued. Our review of the procedure currently being used by the program administration indicates that the major problem remaining seems to be continuing payments to landlords after tenants have moved. We understand that the Department has, at times, had difficulty in retrieving these overpayments and in some instances the HUD office has assumed responsibility for collection. We believe the Department should review the procedures for payments to landlords to determine if this problem can be eliminated.

As has been pointed out in the previous audit report, the Statewide Budgeting and Accounting System has the capability of accounting for a program which extends beyond the end of the state fiscal year by continuing previous income and expenditure information. This feature was not used by the Department during this audit period. It would seem to us that considerable staff time and effort could be saved by proper use of this feature of the System.

We also concur with the previous audit recommendation that a coordination of document preparation for input into the Statewide Budgeting and Accounting System. Procedures in the Department have been for personnel administering the programs at the Division level to request payment of claims on a memo to the Centralized Services Division. We believe the Centralized Services staff could teach Division personnel the proper procedure for preparation of the actual SBAS documents which could then be sent to Centralized Services for review prior to submission to the accounting division of the Department of Administration. Funds for administration of the various federal programs are becoming more and more limited and we believe the Department will need to implement procedures which will eliminate all duplication of effort.

Accounting Entity 04048, Community Development Federal and Private Revenue Account, has been used by the Department for several years to account for various small federal grants and programs. Although it has been the practice of the Department to establish separate accounting entities for some divisions or programs, this particular entity has been used both by the Community Development Division and the Research and Information Division. When we reviewed the receipts, disbursements and balances of the various federal grants administered by the

Department, we found that there had never been a procedure established to separately identify cash balances or unexpended grant balances for those programs accounted for in 04048. As of July 1, 1981, the Research and Information Division has been transferred to the Department of Administration. They have requested the transfer of balances in their various grants and contracts to their new department and were told the transfer could not be made until this account had been reconciled. Many of the federal contracts and grants which have been accounted for in this entity were reimbursement contracts and unexpended balances would be available to the state for further administrative support of the project or return to the general fund. If the Department had properly used the full capabilities of the Statewide Budgeting Accounting System in the past, these balances would be clearly identified at the present time. We believe the reconciliation of this account should be done as soon as possible and proper procedures should be implemented to assure that all future accounts are clearly identified.

RECOMMENDATIONS

WE RECOMMEND THAT THE DEPARTMENT:

- (1) Work to improve the HUD Section 8 Accounting System so that incorrect payments are not made to landlords.
- (2) Establish applicable federal budgets on continuing responsibility centers.
- (3) Develop uniform grant payment procedures for all federal programs administered by the Division with as much as possible being done at the Division level.
- (4) Reconcile the cash balances in Accounting Entity 04048 as soon as possible and implement procedures which will account for balances on individual federal programs on an ongoing basis.

PURCHASING PROCEDURES

The prior audit report recommended changes in the Department purchasing procedures which would require approval by program administrators or managers prior to the purchase of any item. We found that this recommendation had not been fully implemented during the audit period; however, changes were made subsequent to July 1, 1981, which should provide better internal control on purchases.

RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT:

Assure prior approval before the purchase of nonroutine items as well as requiring a requisition for all routine supply items.

PAYROLL PROCEDURES

Our review of the payroll procedures followed by the Department indicates that for the most part the procedures used meet the requirements

of the state system and are adequately followed. The one question we had regarded the authorization for direct payroll deductions for health insurance. Employees who enroll in the health insurance program are required to complete an application and that information is then transcribed by the payroll clerk to a payroll status form. Although the payroll status form has a provision for signing by the employee, which would clearly authorize the deduction from the payroll warrant, it has not been the practice of the Department to have the employees sign this form. We believe there could be a question as to the legality of such payroll deduction without the employee's signature; and, therefore, recommend that the Department require employees to sign a completed status form as a part of the regular procedures.

RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT:

Require employees to sign their payroll status form before payroll deductions are authorized.

COAL BOARD GRANTS

Under Montana's coal severance tax laws, 8.75% of the tax collected is set aside to assist communities which have been required to expand the provision of public service as a consequence of large scale development of coal mining and coal using energy complexes. As of June 30, 1980, the Coal Board has made grants to local governments of over thirty million dollars. The last audit report had recommended the establishment of a timely audit schedule for these grants. We were told that none of the grants have been audited to the present time; however, the last session of the Legislature appropriated \$30,000 for each of the next two years for audit of the grants. We understand the audits are to be completed by the Legislative Auditor.

RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT:

Establish the audit schedule for local grants made by the Coal Board as soon as possible.

ACCOUNTING AND INDIRECT COST PLAN

The Community Services Division has been the state agency designated to administer the federal funds granted to the state to assist the low income population. They have been responsible in each year of the audit period for well over \$20,000,000.00 in funds received from the Community Services Administration, the Department of Labor, the Department of Energy, the Department of Health and Human Services, and the United States Department of Agriculture. The major portion of the funds are 'passed through' to local nonprofit organizations that actually provide services to the participants. Under federal regulations, the Division was required to account for and report on these funds on a full accrual basis; that is, all revenue was to be reported when the participants had actually received the services or

the funds had been spent for administrative uses. It is possible through the use of the continuing responsibility centers to recognize grant income and disbursements at the state level; and we understand it will even record expenditures at the subgrant level. However, it has not been the practice of CSD and the Department to so use SBAS, and they have maintained subsidiary detail for reporting purposes, and have relied upon the annual program audit for final reconciliation of the accounting records.

Administrative costs for the Divisions have been allocated to the various federal grants under a indirect cost plan approved by the United States Department of Labor. This plan, which was prepared in accordance with federal regulations, determined a uniform percentage of each grant to be used for administrative purposes, unless a particular grant had a statutory or regulatory limitation on administration costs. The Division also received one small federal grant for administrative purposes only. Under this proposal, the rate used for 1981 was based on actual expenditures and grant funds received in fiscal year 1979. Under the usual circumstances, any under or overassessment for fiscal year 1981 would have been adjusted or rolled forward into the rate used for fiscal year 1983. There were two factors which changed that procedure for 1981. The first was a significant increase in the federal funding and staffing needs with limitations on the amount of federal funds to be used for administrative purposes. The second factor was the dissolution of the Community Services Division prior to the end of the 1981 fiscal year. Because of the major change in funding, the Division was realizing a deficiency in administrative funding, and submitted two amendments to the indirect cost proposal to the Department of Labor, requesting adjustment of the rate for fiscal year 1981. That last approved rate (5.62%) is to be applied to funds expended at the subgrant level, which may be more or less than the funds actually disbursed and recorded as of June 30, 1981 on the Department's accounting records. It appears from the June 30, 1981 closing balances that the Division may have significantly overspent funds available for administrative purposes. However, until the program audit is completed and the delegate agency expenditures are available, we do not believe it will be possible to arrive at a final amount, and determine if there is a deficit. If the funds are not sufficient, the Department will need to renegotiate the matter with the federal grantees; as the roll forward provision cannot be applied back to the Department of Community Affairs, and may need to be transferred to the new responsible agency.

The grants awarded to the Community Services Division have been audited, in some cases through June 30, 1980 and in other instances through September 30, 1980; which coincides with the federal fiscal year end. In our opinion, no final reconciliation of these funds for 1981 can be completed until an audit is completed for fiscal year 1981. Procedures in prior years have been for the Community Services Division to require audits at the delegate agency level, which was then consolidated into the Division's program audit. It is our understanding that the state Department of Labor and Industry has contracted for an audit of the Department of Labor funds; and the contracts for other funds require audits. However, it is our understanding that the Community Services Division has usually specifically requested such audits from delegate agencies for the Community

Services Administration, Department of Energy, and Health and Human Services Program; and we suspect the request may be needed to assure completion of this year's audit.

RECOMMENDATIONS

WE RECOMMEND THAT THE DEPARTMENT:

(1) Request audits from delegate agencies so that the final program audit of the Division funds can be completed.

(2) Do a complete reconciliation of the 1981 indirect cost proposal used by the Community Services Division, with the final rate being negotiated with the Department of Labor to assure payment of all administrative funds incurred by the Division.

PRIOR AUDIT RECOMMENDATIONS

There were 23 recommendations contained in the Department of Community Affairs audit completed by Douglas Wilson & Co. for the two year period ended June 30, 1978. On four of those recommendations the Department had not concurred. Of the recommendations which they did concur with, we found 13 had been adequately covered. Two were partially complied with. The other 8 items have been covered in our current recommendations.

FINAL COMMENTS

We have reviewed the comments and recommendations contained in this report with the appropriate personnel in the Departments included. The full text of the Departments' various responses to this report begins on page

We wish to express our appreciation to the directors of the Department of Commerce, the Department of Social and Rehabilitative Services, the Department of Justice, the Department of Administration, the Department of Revenue and all other staff for their cooperation and assistance during this engagement.

DOWNTOWN PROFESSIONAL CENTER
314 NORTH LAST CHANCE GULCH

HAAS & HINTZ, PSC

RAE M. WAYNE E.

CERTIFIED PUBLIC ACCOUNTANTS
(406) 443-6200
P.O. BOX 198
HELENA, MONTANA 59624

November 9, 1981

To Legislative Audit Committee
of Montana State Legislature:

We have examined the combined financial statements of the Montana Department of Community Affairs and its combining and individual fund statements as of and for the years ended June 30, 1980 and 1981. Our examination was made in accordance with generally accepted auditing standards, the General Accounting Office "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" and "Guidelines for Financial and Compliance Audits of Federally Assisted Programs" and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

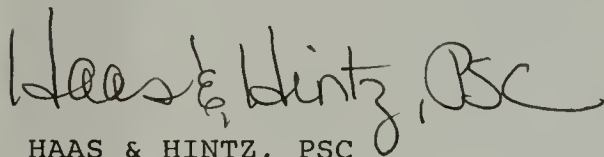
As discussed in the Notes to the Financial Statement and the Findings and Recommendations section of this report, the revenues for the administration of the Community Services Division are based upon expenditures of federal funds by delegate agencies in providing services to the low-income population of the state. The June 30, 1981, financial reports indicate a possible over-expenditure of available funds for administrative purposes. However, a final determination as to the revenue available for these purposes cannot be made until the delegate agencies' audits are completed.

In our opinion, because of the effect of the unrecorded revenue discussed in the paragraph above, the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual, and Balance Sheet of the Federal and Private Revenue Fund do not present fairly the financial position of that fund for the Department of Community Affairs at June 30, 1981, and the results of its operations and changes in fund balance for the fiscal year 1980-81, in conformity with generally accepted accounting principals.

In our opinion, however, the other financial statements as listed in the Table of Contents present fairly the financial position of such funds of the Department of Community Affairs at June 30, 1981, and the results of its operation and changes in fund

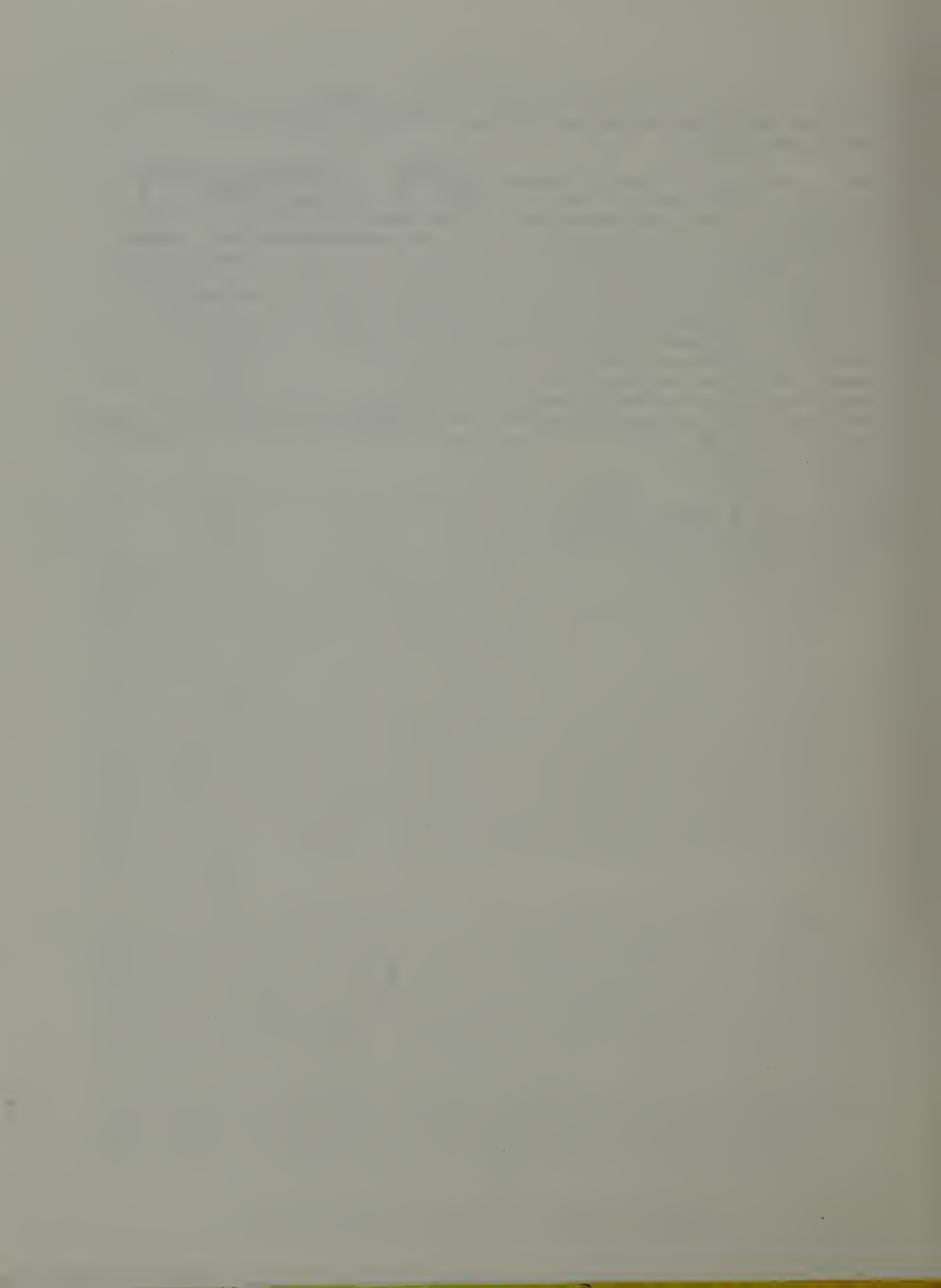
balances for the fiscal years 1979-80 and 1980-81, in conformity with generally accepted accounting principals applied on a consistent basis.

The items titled "Totals (memorandum only)" on the combined statements of revenues, expenditures, and changes in fund balances are not necessary for a fair presentation of a financial statement but are presented as supplemental information. Also, the accompanying Schedule of Federal Grant Receipts and Disbursements is presented for disclosure purposes as required by "Guidelines for Financial and Compliance Audits of Federally Assisted Programs" and is not a required part of the Combined Financial Statements for the Montana Department of Community Affairs. This supplemental information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements and, in our opinion, except for the effects of the matters discussed in paragraph 2, is fairly presented in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Haas & Hintz, PSC". The signature is written in dark ink and is positioned above the printed name of the firm.

HAAS & HINTZ, PSC





STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
COMBINED BALANCE SHEET
For Fiscal Year Ended June 30, 1981

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES			General	Totals
	General	Earmarked	Federal &	Federal &	Education	Revolving	Fixed Asset	(Memo Only)
	Fund	Revenue	Private	Private Grant	Trust Fund	Fund	Account	
ASSETS								
Imprest Cash Fund		50	50			125		225
Revolving Cash Fund	2,500	2,000	10,500					15,000
Cash in Treasury		909,573	650,826	711,791	1,520,732	85,905		3,978,827
Notes Receivable		540,281						540,281
Accts Receiv/Receipts	79,575					55,045		134,620
Accts Receiv/Expenditure								
Abatements	45		406	5,761				6,212
Accts Receiv/FYE Cash Cutoff	96	1,115	3,907	115,044		65,220		185,382
Due From FYE Cash Cutoff AJE	15,934	33,560	29,866	13,097		13,991		106,448
Accts Receiv/Dishonored Checks		3	10					13
Fixed Assets Net of Depreciation						284,387	710,133	994,520
Inter-agency Loan Receivable				674,350		26,246		700,596
Transfers to STIP Principal		8,662,639			2,394,518			11,557,157
Fed Securities/Book Value					1,487,927			1,487,927
Other Investments - Par					28,308,333			28,308,333
Unamortized Premiums					1,370			1,370
Interest Purchased					109,213			109,213
TOTAL ASSETS	98,150	10,149,221	695,565	1,520,043	34,422,093	530,919	710,133	48,126,124
LIABILITIES & FUND BALANCES								
Liabilities								
Accts Payable						113,598		113,598
Accts Payable/FYE Cash								
Cutoff Adjustments	56,454	157,024	75,617	5,072		14,857		309,024
Accrued Expenditures	6,823	3,562,528	128,222			20,875		3,718,448
Due to FYE Cash Cutoff AJE	11,129	17,747	17,233	13,097		21,039		80,245
Reserve for Notes Receivable		540,282						540,282
Inter-entlty Loans Payable			674,350			26,246		700,596
Accrued Withdrawals						3,297		3,297
Unaccumulated Bond Discount					358,280			858,280
Deferred Losses					(60,357)			(60,357)
Total Liabilities	74,406	4,277,581	895,422	18,169	197,123	199,912		6,263,413
Fund Balance								
Education Trust								
Reserve for Reverted								
Appropriations	45,439	321,723	254,273	20,668,326	33,624,170	148,316		33,624,170
Reserve for Continuing								
Appropriations		3,905,993	246,388					4,152,381
General Fund Balance	(21,695)	1,643,924	(700,518)	(19,166,452)		173,691		(18,071,050)
Investment in Fixed Assets							710,133	710,133
Donated Assets (Noncash)						9,000		9,000
Total Fund Balance	23,744	5,871,640	(199,857)	1,501,874	33,624,170	331,007	710,133	41,862,711
TOTAL LIABILITIES & FUND BALANCE	98,150	10,149,221	695,565	1,520,043	34,422,113	530,919	710,133	48,126,124

HAAS & HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

The accompanying notes are an integral part of this statement.

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
EARMARKED REVENUE FUND
COMBINING BALANCE SHEET
June 30, 1981

	Highway	Aeronautics Division	Local Impact	Totals
ASSETS				
Imprest Cash Fund		50		50
Revolving Cash Fund		2,000		2,000
Cash in Treasury		839,657	69,916	909,573
Accounts Rec - FYE Cash Cutoff	5	1,107	3	1,115
Accounts Rec - Dishonored Checks		3		3
Notes Receivable		540,281		540,281
Due from FYE Cash Cutoff	1,824	30,752	984	33,560
Transfers to STIP Principal			8,662,639	8,662,639
TOTAL ASSETS	1,829	1,413,850	8,733,542	10,149,221
LIABILITIES & FUND BALANCE				
LIABILITIES				
Accounts Payable - FYE Cash Cutoff	1,447	21,294	134,283	157,024
Accrued Expenditures	2,497	49,008	3,511,023	3,562,528
Due to FYE Cash Cutoff	16,382	254	1,111	17,747
Reserve for Notes Receivable		540,282		540,282
TOTAL LIABILITIES	20,326	610,838	3,646,417	4,277,581
FUND BALANCES				
Reserve for Reverted Appropriations	764	247,007	74,716	322,487
Reserve for Continuing Appropriations			3,905,993	3,905,993
Total Fund Balance	(19,261)	556,005	1,106,416	1,643,160
Total Fund Equity	(18,497)	803,012	5,087,125	5,871,640
TOTAL LIABILITIES & FUND BALANCE	1,829	1,413,850	8,733,542	10,149,221

HAS & HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

The accompanying notes are an integral part of this statement.

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
FEDERAL & PRIVATE REVENUE FUND
COMBINING BALANCE SHEET
For Fiscal Year Ended June 30, 1981

	Community Development	Local Government Assistance	Traffic Safety Coordinator	Community Services	Aeronautics Division	Totals
ASSETS						
Imprest Cash Fund	25			25		50
Revolving Cash Fund	2,500		1,000	7,000		10,500
Cash in Treasury	345,701	109,118	4,878	106,488	84,641	650,826
Accounts Rec - FYE Cash Cutoff	2,557		14	1,336		3,907
Accounts Rec - Dishonored Checks	10					10
Notes Receivable						
Due from FYE Cash Cutoff	4,089)		16,350		9,427	29,866
Inter-Entity				406		406
Accounts Rec - Expenditure Abatement						
Total Assets	354,882	109,118	22,242	115,255	94,068	695,565
LIABILITIES & FUND BALANCE						
Liabilities						
Accounts Payable-FYE Cash Cutoff	21,445	19,941	11,638	22,593		75,617
Accrued Expenditures	1,478		5,929	16,671	104,144	128,222
Due to FYE Cash Cutoff	5,758		1,920	127	9,428	17,233
Inter-Entity Loans Payable				674,350		674,350
Total Liabilities	28,681	19,941	19,487	713,741	113,572	895,422
Fund Balances						
Reserve for Reverted Approp.	121,436		41,965	77,528	13,344	254,273
Reserve for Continuing Approp.		246,388				246,388
Fund Balance - General	204,765	(157,211)	(39,210)	(676,014)	(32,848)	(700,518)
Total Fund Equity	326,201	89,177	2,755	(598,486)	(19,504)	(199,857)
Total Liabilities & Fund Balance	354,882	109,118	22,242	115,255	94,068	695,565

The accompanying notes are an integral part of this statement.



STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
FEDERAL & PRIVATE GRANT CLEARANCE FUND
COMBINING BALANCE SHEET
For Fiscal Year Ended June 30, 1981

	Montana Highway Safety Director	Human Resources Division	Community Development	Totals
ASSETS				
Cash in Treasury		677,577	34,214	711,791
A/R FYE Cash Cutoff		115,044		115,044
Due from FYE Cash Cutoff		13,097		13,097
A/R Expenditure Abatements			5,761	5,761
Inter-Agency Loan Receivable		674,350		674,350
Total Assets		1,480,068	39,975	1,520,043
LIABILITIES & FUND BALANCES				
Liabilities				
A/P FYE Cash Cutoff	1,669	751	2,652	5,072
Due to FYE Cash Cutoff		13,097		13,097
Total Liabilities	1,669	13,848	2,652	18,169
Fund Balances				
Reserve for Reverted Approp.		19,098,889	1,569,437	20,668,326
Fund Balance	(1,669)	(17,632,669)	(1,532,114)	(19,166,452)
TOTAL LIABILITIES & FUND BALANCES	-0-	1,480,068	39,975	1,520,043

HAAS & HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
REVOLVING FUND
COMBINING BALANCE SHEET
For Fiscal Year Ended June 30, 1981

	West Yellowstone Airport	Centralized Services	DCA File Management	Capital Replacement Air Trans. Division	DCA Air Transportation	Totals
ASSETS						
Imprest Cash Fund	100	25				125
Cash in Treasury	33,131	34,599	9,841	8,318	16	85,905
A/R FYE Cash Cutoff	1,048	2,386	2,399	59,387		65,220
Due from FYE Cash Cutoff			13,991			13,991
Buildings	382,921					382,921
Equipment	98,679	209	20,964			119,852
A/Depr Buildings	(141,796)					(141,796)
A/Depr Equipment	(71,848)		(4,742)			(76,590)
Inter-Agency Loans Rec.				26,246		26,246
A/R Receipts			835	54,210		55,045
Total Assets	302,235	37,219	43,288	148,161	16	530,919
LIABILITIES & FUND BALANCE						
Liabilities						
A/P FYE Cash Cutoff	3,996	8,130	2,731			14,857
Accrued Expenditures	16,336		4,540			20,876
Due to FYE Cash Cutoff	1,048		19,991			21,039
Accrued Withdrawals		3,297				3,297
Inter-Entity Loans Payable					26,246	26,246
A/P					113,597	113,597
Total Liabilities	21,380	11,427	27,262	-0-	139,843	199,912
Fund Balance						
Reserve for Reverted Approp.						
Fund Balance - Donated Assets	30,975	11,170	8,407	4,654	93,110	148,316
Fund Balance - General	9,000					9,000
Total Fund Equity	240,880	14,622	7,619	143,507	(232,937)	173,691
	280,855	25,792	16,026	148,161	(139,827)	331,007
Total Liabilities & Fund Balance	302,235	37,219	43,288	148,161	16	530,919

The accompanying notes are an integral part of this statement.

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
For the Period July 1, 1979 to June 30, 1980

	General Fund	Earmarked Revenue Fund	Federal & Private Rev. Funds	Federal & Private Grant Clearance Fund	Revolving Fund	Education Trust Fund	Total
REVENUES							
Budgeted Revenue	333,965	10,027,231	1,141,627	12,647,269	86,086	8,995,772	33,231,950
Budgeted Income		704,379	902,997	3,231,574	486,822	1,134,101	6,459,873
Nonbudgeted Revenue							
Nonbudgeted Income	1,235	831	674				2,740
Total Revenue	335,200	10,732,441	2,045,298	15,878,843	572,908	10,129,873	39,694,563
EXPENDITURES							
Budgeted Expenditures	1,363,196	9,126,633	1,897,183		186,852		12,573,864
Budgeted Withdrawals			28,554	12,995,958	427,160		13,451,672
Nonbudgeted Expenditures							
Nonbudgeted Withdrawals				3,067,484			3,067,484
Total Expenditures	1,363,196	9,126,633	1,925,737	16,063,442	614,012	-0-	29,093,020
Excess (Deficiency) of Revenues Over Expenditures	(1,027,996)	1,605,808	119,561	184,599	(41,104)	10,129,873	10,601,543
Other Financing Sources (Uses)							
Prior Year Revenue Adjustment		(2,014,629)	(487,813)	(369,657)	580	1,435,724	(1,435,795)
Prior Year Income Adjustment			540,258	156,895	(3,098)		694,055
Prior Year Expend. Adjustment	(12,981)	(327,399)	(19,936)		(276)		(360,592)
Prior Year Withdrawal Adjustment			(5)	(602,851)	(4,030)		(606,886)
Total Other Financing Sources	(12,981)	(2,342,028)	32,504	(815,613)	(6,824)	1,435,724	(1,709,218)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(1,040,977)	(736,220)	152,065	(1,000,212)	(47,928)	11,565,597	8,892,325
Fund Balance at Beginning of Year	-0-	3,411,683	287,839	1,261,965	34,499	12,339,548	17,335,534
Adjustments	1,028,525	(353,595)		(309)	821,322		1,495,943
Total	(12,452)	2,321,868	439,903	261,444	807,893	23,905,145	27,723,801
Reserve for Continuing Appropriations		4,885	583,147		72,240		660,272
Reserve for Reverted Appropriations	43,535	1,229,753	196,229	7,004,043	148,251		8,621,811
Fund Balance at End of Year	(55,987)	1,087,230	(50,473)	(6,742,599)	587,402	23,905,145	18,441,718

HAAS & HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

The accompanying notes are an integral part of this statement.

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
EARMARKED REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
Year Ended June 30, 1980

	Highway	Aeronautics Division	County Land Plan	Local Impact	Construction Trust Fund	Totals
REVENUES						
Budgeted Revenue		476,062	521,007	9,030,162		10,027,231
Budgeted Income		101,208		603,171		704,379
Nonbudgeted Income		831				831
Total Revenue		578,101	521,007	9,633,333		10,732,441
EXPENDITURES						
Budgeted Expenditures	118,406	546,294	521,007	7,940,926		9,126,633
Total Expenditures	118,406	546,294	521,007	7,940,926		9,126,633
Excess (deficiency) of Revenues Over Expenditures	(118,406)	31,807		1,692,407		1,605,808
Other Financing Sources (Uses)						
Prior Year Revenue Adjustment		176,895		(2,191,524)		(2,014,629)
Prior Year Expend. Adjustment	(16,334)			(310,281)	(784)	(327,399)
Total Other Financing Sources	(16,334)	176,895		(2,501,805)	(784)	(2,342,028)
Excess (deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(134,740)	208,702		(809,398)	(784)	(736,220)
Fund Balance at Beginning of Year		908,824		2,502,859		3,411,683
Adjustments	53,873	(407,109)		(1,143)	(784)	(353,595)
Total	(80,867)	710,417		1,692,318		2,321,868
Reserve for Continuing Appropriations				4,885		4,885
Reserve for Reverting Appropriations	174	136,235	993	1,092,351		1,229,753
Fund Balance at End of Year	(81,041)	574,182	(993)	595,082	0	1,087,230

HAS&HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
FEDERAL & PRIVATE REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
For the Year Ended June 30, 1980

	Community Development	Local Government Assistance	Traf. Safety Coordinator	Community Serv. Division	State Agcy CETA-P	Aeronautics Division	Totals
REVENUES							
Budgeted Revenue	706,660	11,062	290,019	2,073		142,875	1,141,627
Budgeted Income	61,845		67,945	762,145			902,997
Nonbudgeted Income		674					674
Total Revenue	768,505	11,736	357,964	764,218		142,875	2,045,298
EXPENDITURES							
Budgeted Expenditures	552,226	14,389	383,764	818,979		127,825	1,897,183
Budgeted Withdrawals	28,554						28,554
Total Expenditures	580,780	14,389	383,764	818,979		127,825	1,925,737
Excess (deficiency) of Revenues Over Expenditures	187,725	(2,653)	(25,800)	(54,761)		15,050	119,561
Other Financing Sources (Uses)							
Prior Year Revenue Adjustment	43,286	(162,448)		(368,402)	(249)		(487,813)
Prior Year Income Adjustment		126,557		413,701			540,258
Prior Year Expend. Adjustment	(16,911)	27,037	(8,778)	(9,728)		(11,556)	(19,336)
Prior Year Withdrawal Adjustment	(5)						(5)
Total Other Financing Sources (Uses)	26,370	(8,854)	(8,778)	35,571	(249)	(11,556)	32,504
Excess (deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	214,095	(11,507)	(34,578)	(19,190)	(249)	3,494	152,065
Fund Balance at Beginning of Year	88,680	79,742	10,780	102,073	249	6,314	287,838
Total	302,775	68,235	(23,798)	82,883		9,808	439,903
Reserve for Continuing Appropriations						583,147	583,147
Reserve for Reverted Appropriations	71,919	35,611	18,627	53,416		16,656	196,229
Fund Balance at End of Year	230,856	32,624	(42,425)	29,467		(589,995)	(339,473)

HAAS & HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
FEDERAL & PRIVATE GRANT CLEARANCE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
Period Ended June 30, 1980

	Montana Highway Traffic Safety Director	Human Resources Division	Community Development	Total
REVENUE				
Budgeted Revenue	997,911	9,512,037	2,137,321	12,647,269
Budgeted Income		3,231,574		3,231,574
Total Revenue	997,911	12,743,611	2,137,321	15,878,843
EXPENDITURES				
Budgeted Withdrawals		12,995,958		12,995,958
Nonbudgeted Withdrawals	1,058,554		2,008,930	3,067,484
Total Expenditures	1,058,554	12,995,958	2,008,930	16,063,442
Excess (Deficiency) of Revenue Over Expenditures	(60,643)	(252,347)	128,391	(184,599)
Other Financing Sources (Uses)				
Prior Year Revenue Adjustment		(334,771)	(34,886)	(369,657)
Prior Year Income Adjustment		156,895		156,895
Prior Year Withdrawal Adjustment		(607,547)	4,696	(602,851)
Total Other Financing Sources (Uses)		(785,423)	(30,190)	(815,613)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(60,643)	(1,037,770)	98,201	(1,000,212)
Fund Balance at Beginning of Year	(43,271)	1,272,987	32,249	1,261,965
Adjustments			(309)	(309)
Transfer		622	(622)	
Total	(103,914)	235,839	129,519	261,444
Reserve for Reverted Appropriations	0	7,004,043	0	7,004,043
Fund Balance at End of Year	(103,914)	(6,768,204)	129,519	(6,742,599)

HAAS & HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
REVOLVING FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
Period Ended June 30, 1980

	West Yellowstone Airport	Centralized Services	DCA File Management	Air Transportation Capital Replacement	DCA Air Transportation	Total
REVENUE						
Budgeted Revenue	86,086					86,086
Budgeted Income		200,546	77,705	33,218	175,353	486,822
Total Revenue	86,086	200,546	77,705	33,218	175,353	572,908
EXPENDITURES						
Budgeted Expenditures	92,327		94,525			186,852
Budgeted Withdrawals		188,671		18,611	219,878	427,160
Total Expenditures	92,327	188,671	94,525	18,611	219,878	614,012
Excess (Deficiency) of Revenues Over Expenditures	(6,241)	11,875	(16,820)	14,607	(44,525)	(41,104)
Other Financing Sources (uses)						
Prior Year Revenue Adjustment			(99)	125	554	580
Prior Year Income Adjustment			102	(20,221)	17,021	(3,098)
Prior Year Expenditure Adjustment	(276)					(276)
Prior Year Withdrawal Adjustment		170			(4,200)	(4,030)
Total Other Financing Sources (uses)	(276)	170	3	(20,096)	13,375	(6,824)
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures and Other Uses	(6,517)	12,045	(16,817)	(5,489)	(31,150)	(47,928)
Fund Balance at Beginning of Year	44,769	8,473	23,081	82,113	(123,937)	34,499
Adjustments	472,600		(663)	341,490	7,895	821,322
Total	510,852	20,518	5,601	418,114	(147,192)	807,893
Reserve for Continuing Appropriations	72,240					72,240
Reserve for Reverted Appropriations	5,739	10,705	6,573	1	125,233	148,251
Fund Balance at End of Year	432,873	9,813	(972)	418,113	(272,425)	587,402

HAAS & HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
COMBINED STATEMENT OF REVENUE, EXPENDITURES & CHANGES IN FUND BALANCE
For Fiscal Year Ended June 30, 1981

	GOVERNMENT FUND TYPES				FIDUCIARY FUND TYPES		PROPRIETARY FUND TYPES		Totals (Memo Only)
	Special Revenue Funds				Federal & Private Grant Clearance Fund	Education Trust Fund	Inter.Serv.Fund		
	General Fund	Earmarked Revenue Fund	Federal & Private Revenue Fund	Revolving Fund			1981	1980	
<u>Revenue</u>									
Budgeted Revenue	362,727	6,982,695	1,460,327	20,006,127	7,041,503		83,929	35,937,308	33,231,950
Budgeted Income	30,501	1,187,800	791,415	3,011,176	2,441,034		404,521	7,866,447	6,459,873
Nonbudgeted Income		1,393					11,007	12,400	2,740
Total Revenue	393,228	8,171,888	2,251,742	23,017,303	9,482,537		499,457	43,816,155	39,694,563
<u>Expenditures</u>									
Budgeted Expenditures	1,758,694	3,133,607	2,670,708	18,831,675			183,485	26,578,169	12,573,864
Budgeted Withdrawals			29,392	3,066,509			483,523	3,579,424	13,451,672
Nonbudgeted Expenditures							218,386	218,386	
Nonbudgeted Withdrawals							236,418	236,418	3,067,484
Total Expenditures	1,758,694	3,133,607	2,700,100	21,898,184			1,121,812	30,612,397	29,093,020
Excess (Deficiency) of Revenues Over Expenditures	(1,365,466)	5,038,281	(448,358)	1,119,119	9,482,537		(622,355)	13,203,758	10,601,543
<u>Other Financing Sources (Uses)</u>									
Prior Year Revenue Adjustments		(1,154,793)	(193,830)	115,350	1,196,862		83	(36,328)	(1,435,795)
Prior Year Income Adjustments		(564,284)	(6,425)	(561)	(960,374)		119,142	(1,412,502)	695,055
Prior Year Expenditure Adjust	(13,112)	46,031	8,853	2,942			78	44,792	(360,592)
Prior Year Withdrawal Adjust				3,579			(4,008)	(429)	(606,866)
Total Other Financing Sources (Uses)	(13,112)	(1,673,046)	(191,402)	121,310	236,488		115,295	(1,404,467)	(1,709,218)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures & Other Uses	(1,378,578)	3,365,235	(639,760)	1,240,429	9,719,025		(507,060)	11,799,291	8,892,325
Fund Balance at Beginning of Year	(12,452)	2,321,869	439,903	261,444	23,905,145		807,893	27,723,802	17,335,533
Adjustments	1,414,774	184,536					21,173	1,620,483	1,495,943
Totals	23,744	5,871,640	(199,857)	1,501,873	33,624,170		322,007	41,143,576	27,723,801
Reserve for Reverted Appropriations									
Reserve for Continuing Appropriations	45,439	321,723	254,273	20,668,325			148,316	21,438,076	8,621,811
		3,905,993	246,388					4,152,381	660,272
Fund Balance - General At End of Year	(21,695)	1,643,924	(700,518)	(19,166,452)	33,624,170		173,690	15,553,119	18,441,718

- 26 -

The accompanying notes are an integral part of this statement.

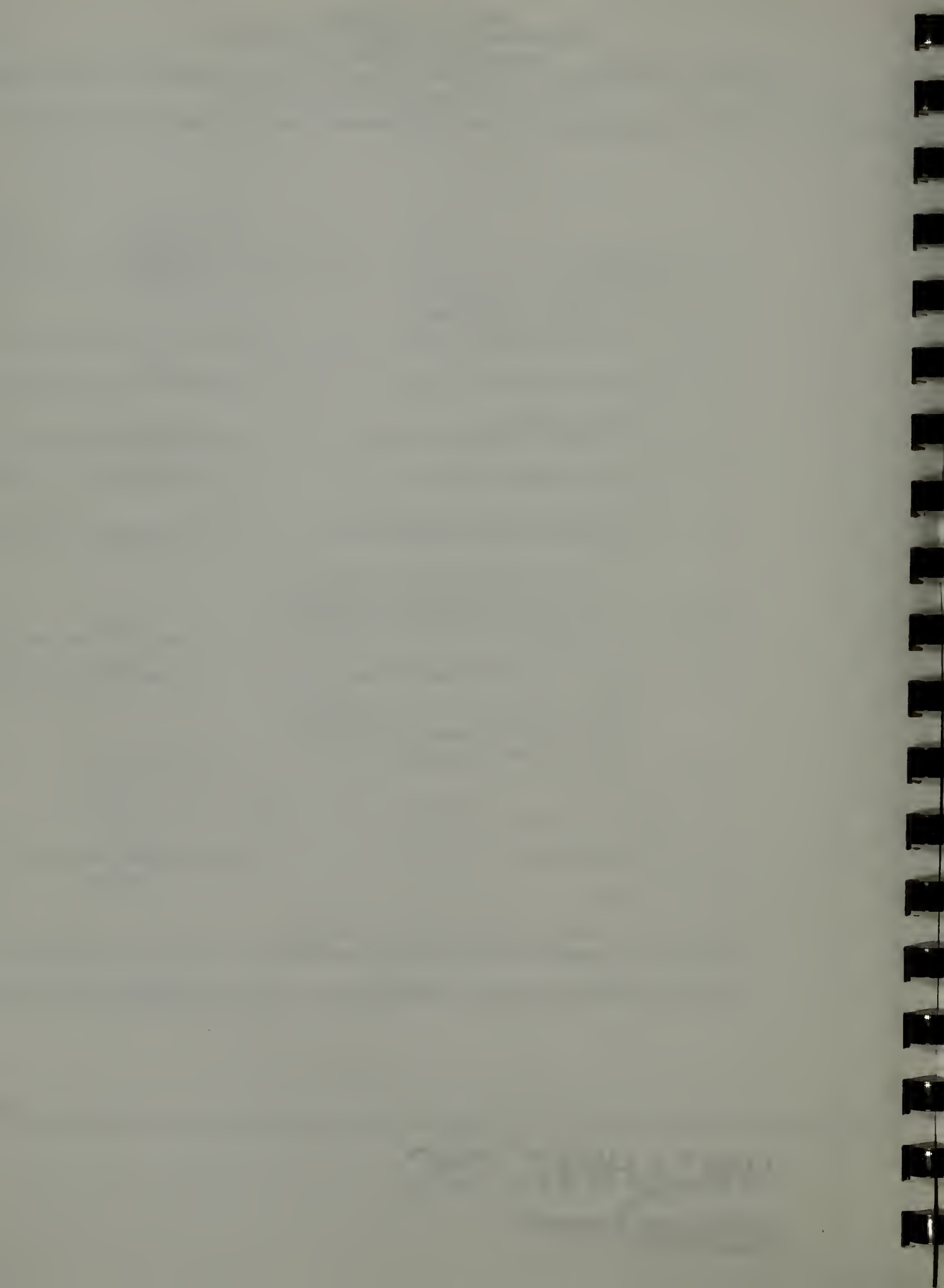


STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
EARMARKED REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
For Period Ending June 30, 1981

	Highway	Aeronautics Division	County Land Fund	Local Impact	Totals
REVENUE					
Budgeted Revenue		469,306	352,075	6,161,314	6,982,695
Budgeted Income		108,217		1,079,583	1,187,800
Nonbudgeted Income		1,393			1,393
Total Revenue	-0-	578,196	352,075	7,240,897	8,171,888
EXPENDITURES					
Budgeted Expenditures	123,875	482,178	352,075	2,175,479	3,133,607
Total Expenditures	123,875	482,178	352,075	2,175,479	3,133,607
Excess (Deficiency) of Revenues Over Expenditures	(123,875)	96,738		5,065,418	5,038,281
Other Financing Sources (Uses)					
Prior Year Revenue Adjustment		11,140		(1,165,933)	(1,154,793)
Prior Year Income Adjustment		38,887		(603,171)	(564,284)
Prior Year Expend. Adjustment	1,709	(54,171)		98,493	46,031
Total Other Financing Sources	1,709	(4,144)		(1,670,611)	(1,673,046)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(122,166)	92,594		3,394,807	3,365,235
Fund Balance at Beginning of Year	(80,867)	710,418		1,692,318	2,321,869
Adjustments	184,536			5,087,125	5,871,640
Total	(18,497)	803,012			184,536
Reserve for Reverted Approp		(247,007)		(74,716)	(321,723)
Reserve for Continuing Approp				(3,905,993)	(3,905,993)
Fund Balance at End of Year	(18,497)	556,005		1,106,416	1,643,924

HAS&HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA



DEPARTMENT OF COMMUNITY AFFAIRS
FEDERAL AND PRIVATE REVENUE FUND
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
For Period Ended June 30, 1981

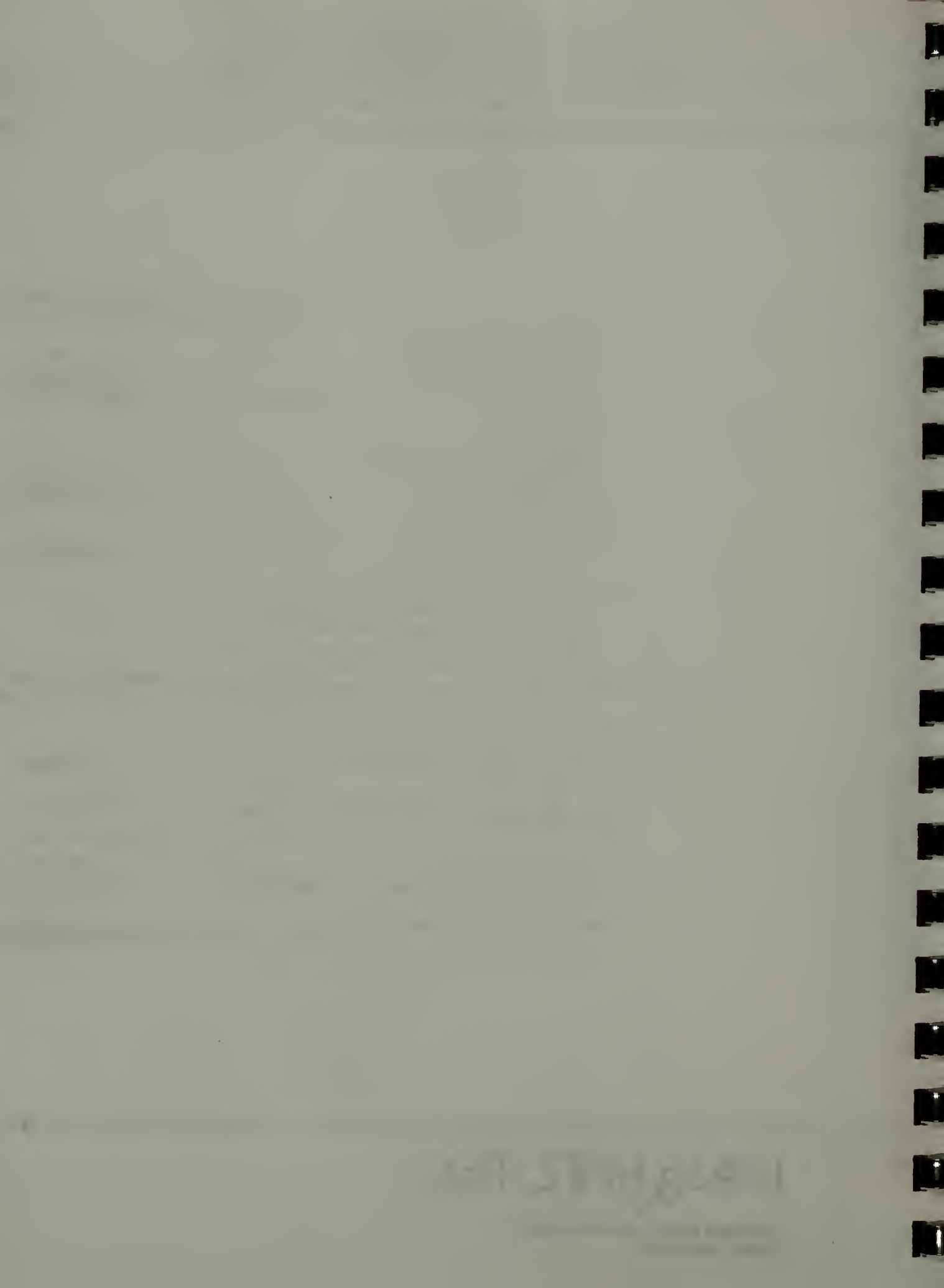
	Community Development	Local Government Assistance	Traffic Safety Coordinator	Community Services	Aeronautics Division	Total
REVENUE						
Budgeted Revenue	636,618		273,428		550,281	1,460,327
Budgeted Income	61,384	150,000	13,329	566,702		791,415
Nonbudgeted Revenue						
Nonbudgeted Income						
Total Revenue	698,002	150,000	286,757	566,702	550,281	2,251,742
EXPENDITURES						
Budgeted Expenditures	626,037	60,823	271,143	1,142,903	569,802	2,670,708
Nonbudgeted Expenditures						
Budgeted Withdrawals	29,392					29,392
Nonbudgeted Withdrawals						
Total Expenditures	655,429	60,823	271,143	1,142,903	569,802	2,700,100
Excess (Deficiency) of Revenues Over Expenditures	42,573	89,177	15,614	(576,201)	(19,521)	(448,358)
Other Financing Sources (Uses)						
Prior Year Revenue Adjustment	(21,026)	(68,263)		(94,750)	(9,791)	(193,830)
Prior Year Income Adjustment	1,879	28	10,939	(6,425)		(6,425)
Prior Year Expend. Adjustment				(3,993)		8,853
Total Other Financing Sources (Uses)	(19,147)	(68,235)	10,939	(105,168)	(9,791)	(191,402)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and and Other Uses	23,426	20,942	26,553	(681,369)	(29,312)	(639,760)
Fund Balance at Beginning of Year Adjustments	302,775	68,235	(23,798)	82,883	9,808	439,903
Total	326,201	89,177	2,755	(598,486)	(19,504)	(199,857)
Reserve for Reversed Appropriations	121,436		41,965	77,528	13,344	254,273
Reserve for Continued Appropriations		246,388				246,388
Fund Balance at End of Year	204,765	(157,211)	(39,210)	(676,014)	(32,848)	(700,518)

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
FEDERAL & PRIVATE GRANT CLEARANCE FUND
COMBINING STATEMENT OF REVENUE, EXPENDITURES & CHANGES IN FUND BALANCE
For Fiscal Year Ended June 30, 1981

	Montana Highway Safety Director	Human Resources Division	Community Development	Totals
REVENUE				
Budgeted Revenue	1,238,181	16,023,807	2,744,139	20,006,127
Budgeted Income		3,011,176		3,011,176
Total Revenue	1,238,181	19,034,983	2,744,139	23,017,303
EXPENDITURES				
Budgeted Withdrawals		17,901,111	930,564	18,831,675
Nonbudgeted Withdrawals	1,135,936		1,930,573	3,066,509
Total Expenditures	1,135,936	17,901,111	2,861,137	21,898,184
Excess (deficiency) of Revenues Over Expenditures	102,245	1,133,872	(116,998)	1,119,119
Other Financing Sources (uses)				
Prior Year Revenue Adjustment		94,750	20,600	115,350
Prior Year Income Adjustment		(561)		(561)
Prior Year Withdrawal Adjustment		2,942		2,942
Nonbudgeted PY with Adjustment		(622)	(4,201)	3,579
Total Other Financing Sources (uses)	-0-	96,509	24,801	121,310
Excess (deficiency) of Revenues & Other Financing Sources Over Expenditures & Others Uses	102,245	1,230,381	(92,197)	1,240,429
Fund Balance at Beginning of Year Adjustments	(103,914)	235,839	129,519	261,444
Total	(1,669)	1,466,220	37,322	1,501,873
Reserve for Reverted Approp.		(19,098,889)	(1,569,436)	(20,668,325)
Fund Balance at End of Year	(1,669)	(17,632,669)	(1,532,114)	(19,166,452)

HAAS & HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA



STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
REVOLVING FUND
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
For Period Ended June 30, 1981

REVENUE	West Yellowstone Airport	Centralized Services	OCA File Management	Capital Replacement Air Transportation Division	DCA Air Transportation	Total
Budgeted Revenue	83,929					83,929
Budgeted Income		205,934	68,337	17,385	112,965	404,521
Nonbudgeted Income					11,007	11,007
Total Revenue	83,929	205,934	68,337	17,385	123,872	499,457
EXPENDITURES						
Budgeted Expenditures	109,218		74,267			183,485
Budgeted Withdrawals		200,848		13,958	268,717	483,523
Nonbudgetd Expenditures	213,644		4,742	234,492	1,926	218,386
Nonbudgeted Withdrawals						236,418
Total Expenditures	322,862	200,848	79,009	248,450	270,643	1,121,812
Excess (Deficiency) of Revenues Over Expenditures	(238,933)	5,086	(10,672)	(231,065)	(146,771)	(622,355)
Other Financing Sources (Uses)						
Prior Year Revenue Adjustment					83	83
Prior Year Income Adjustment			(10)	(38,888)	158,040	119,142
Prior Year Expend. Adjustment	(65)		143			78
Prior Year Withdrawal Adjustment		(20)			(3,988)	(4,008)
Total Other Financing Sources (Uses)	(65)	(20)	133	(38,888)	154,135	115,295
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Uses	(238,998)	5,066	(10,539)	(269,953)	7,364	(507,060)
Fund Balance at Beginning of Year Adjustments	510,852	20,518 209	5,601 20,964	418,114	(147,192)	807,893 21,173
Total	271,854	25,793	16,026	148,161	(139,828)	322,006
Reserve for Reverted Approp. Reserve for Con. Approp.	30,974	11,171	8,407	4,654	93,110	148,316
Fund Balance at End of Year	240,880	14,622	7,619	143,507	(232,938)	173,690

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
RETAINED EARNINGS - BUDGET AND ACTUAL - ALL FUNDS
For Fiscal Year Ended June 30, 1980

	GOVERNMENTAL FUND TYPES								
	General Fund			Special Revenue Funds			Federal & Private Revenue Fund		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues/Income									
Transfers from Noncon. Agencies				9,849,948	9,935,384	85,437			
Service Fees	350,000	333,965	(16,035)						
Reimbursements				23,126	23,958	831	452,500	765,745	313,245
Licenses & Permits				12,000	9,899	(2,101)			
Investment Earnings				190,000	625,266	435,266			
Sale of Doc., Mdse & Property				15,000	19,746	4,746		674	674
Rentals, Leases and Royalties				1,800	1,705	(95)			
Miscellaneous		1,235	1,235	50,000	99,503	49,503			
Income Collections & Transfers							101,170	72,907	(28,263)
Federal Assistance				15,000	16,980	1,980	2,235,264	1,166,904	(1,068,360)
Grants, Gifts, Bequests&Donations							50,000	39,068	(10,932)
Total Revenues/Income	350,000	335,200	(14,800)	10,156,874	10,732,441	575,567	2,838,934	2,045,298	(793,636)
Expenditures/Withdrawals									
Expenditures by Noncon. Agencies					3,114	(3,114)			
Aeronautics				654,261	519,134	135,127	727,627	127,825	599,802
Air Transportation									
Community Services							801,333	752,546	48,787
Highway Traffic Safety				43,580	43,407	173	385,731	371,005	14,726
Local Government Services	712,382	692,373	20,009						
Accounting & Management	261,798	248,142	13,656						
Director's Office	62,632	59,377	3,255	20,561	18,864	1,697	79,680	69,491	10,189
Management Assistance	2,113	2,086	27	11,211	10,707	504	56,456	54,772	1,684
Community Development	178,512	178,212	300	597,000	596,007	993	528,540	478,998	49,542
Centralized Services									
Special Projects							50,000	16,389	33,611
Coord. of Indian Affairs	63,232	56,978	6,254				26,964	11,157	18,807
Coal Board				9,026,659	7,935,400	1,091,259			
Research & Information	126,062	126,028	34				48,781	48,554	227
Total Expenditures	1,406,731	1,363,196	43,535	10,353,272	9,126,633	1,226,639	2,705,112	1,925,737	779,375
Excess (Deficiency) of Revenue Over Expend.	(1,056,731)	(1,027,996)	28,735	(196,398)	1,605,808	1,802,206	133,822	119,561	14,261
Other Financing Sources (Uses)									
Prior Year Revenue Adj.					(2,014,629)			(487,813)	
Prior Year Income Adj.								540,258	
Prior Year Expend. Adj.		(12,981)			(327,399)			(19,936)	
Prior Year Withdrawal Adj.								(5)	
Total Other Financing Sources (uses)		(12,981)			(2,342,028)			32,504	
Excess (Deficiency) of Revenue & Other Financing Sources Over Expenditures & Other Uses		(1,040,977)			(736,220)			152,065	
Fund Balance at Begin. of Year		-0-			3,411,683			287,839	
Adjustments		1,028,525			(353,594)				
Reserve for Continuing Approp.					4,885			583,147	
Reserve for Reverted Approp.		43,535			1,229,753			196,229	
Fund Balance At End of Year		(55,987)			1,087,230			(339,473)	

HAAS & HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

The accompanying notes are an integral part of this statement.

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
RETAINED EARNINGS - BUDGET AND ACTUAL - ALL FUNDS, Page 2
For Fiscal Year Ended June 30, 1980

	FIDUCIARY FUND TYPES						PROPRIETARY FUND TYPES		
	Trust and Agency Funds						Internal Service Fund		
	Federal and Private Grant (Lease) Fund			Trust and Legacy Fund			Trust and Legacy Fund		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues/Income									
Transfer from Noncon. Entity				8,902,327	8,995,772	93,445			
Service Fees							410,000	199,925	(210,075)
Reimbursements									
Licenses & Permits									
Investment Earnings				765,000	1,134,101	369,101			
Sale of Occ., Mdse & Property							40,000	77,705	37,705
Rentals, Leases and Royalties							77,000	94,732	17,732
Miscellaneous									
Income Collect. & Transfers	5,000,000	3,231,574	(1,768,426)				200,000	200,546	546
Federal Assistance	17,962,500	12,605,923	(5,356,577)						
Grants, Gifts, Bequests & Donations	50,000	41,346	(8,654)						
Total Revenues	23,012,500	15,878,843	(7,133,657)	9,667,327	10,129,873	462,546	727,000	572,908	(154,092)
Expenditures/Withdrawals									
Aeronautics							170,306	92,327	77,979
Air Transportation							360,220	237,910	122,310
Community Services									
Highway Traffic Safety	20,000,001	12,995,958	7,004,043						
Local Government Services		1,056,554	(1,058,554)						
Accounting & Management									
Director's Office							2,361		2,381
Management Assistance							1,122	579	543
Community Development		2,003,930	(2,003,930)						
Centralized Services							199,376	188,671	10,705
Special Projects									
Coordination-Indian Affairs									
Coal Board									
Research & Information							101,098	94,525	6,573
Total Expenditures	20,000,001	16,063,442	3,936,559				834,503	614,012	220,491
Excess Revenues Over									
(Under) Expenditures	3,012,499	(184,599)	(3,197,098)	9,667,327	10,129,873	462,546	(107,503)	(41,104)	66,399
Other Financing Sources (Uses)									
Prior Year Revenue Adjustment		(369,657)			1,435,724			580	
Prior Year Income Adjustment		156,895						(3,098)	
Prior Year Expenditure Adjustment								(276)	
Prior Year Withdrawal Adjustment		(602,851)						(4,030)	
Total Other Financing									
Sources (uses)		(815,613)			1,435,724			(6,824)	
Excess (Deficiency) of Revenues and		(1,000,212)							
Other Financing Sources Over									
Expenditures and Other Uses					11,565,597			(47,928)	
Fund Balance at Beginning of Year		1,261,965			12,339,548			34,499	
Adjustments		(309)						821,322	
Reserve for Continuing Appropriations								72,240	
Reserve for Reverted Appropriations		7,004,043						148,251	
Fund Balance at End of Year		(6,742,522)			23,905,145			587,402	

HAAS & HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
RETAINED EARNINGS - BUDGET AND ACTUAL - ALL FUNDS
For Fiscal Year Ended June 30, 1981

	GOVERNMENTAL FUND TYPES								
	General Fund			Special Revenue Funds			Federal & Private Revenue Fund		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<u>Revenues/Income</u>									
Transfers From Consol Agencies				8,651,468	6,900,177	(1,751,291)			
Service Fees	350,000	362,727	(12,727)						
Reimbursements	30,501	30,501		38,000	31,134	(6,866)	1,000,000	566,702	433,298
Licenses & Permits				12,000	10,537	(1,463)			
Investment Earnings				292,000	1,100,659	808,659			
Sale of Occ., Mds & Property				15,000	21,164	(6,164)			
Rentals, Leases and Royalties				1,800	600	(1,200)			
Miscellaneous				100,000	107,617	(7,617)			
Income Collections & Transfers							55,800	74,713	(18,913)
Federal Assistance							2,031,961	1,610,327	421,634
Grants, Gifts, Bequests & Donations									
Total Revenues/Income	380,501	393,228	(12,727)	9,110,268	8,171,888	(938,380)	3,087,761	2,251,742	836,019
<u>Expenditures/Withdrawals</u>									
Transfers To Nonconsol Agencies					3,608	(3,608)			
Aeronautics				697,756	451,135	246,621		569,802	(569,802)
Air Transportation	158,039	158,039							
Community Services							1,141,425	1,078,402	63,023
Highway Traffic Safety				49,639	48,875	764	294,558	271,143	23,415
Local Government Services	758,227	744,009	14,218						
Accounting & Management	263,029	254,117	8,912						
Director's Office	69,112	63,280	5,832	26,243	25,697	546	94,631	82,923	11,708
Management Assistance	2,525	725	1,800	9,039	9,038	1	30,187	8,755	21,432
Community Development	353,530	353,492	38	427,076	427,075	1	585,946	505,993	79,953
Centralized Services									
Special Projects							307,211	60,823	246,388
Coordination of Indian Affairs	64,961	54,873	10,088				30,780	4,435	26,345
Coal Board				6,148,727	2,168,179	3,980,548			
Research & Information	134,711	130,159	4,551				132,878	117,824	15,054
Total Expenditures	1,804,133	1,758,694	45,439	1,156,444	5,153,607	4,224,373	2,617,616	2,700,111	(82,484)
Excess (Deficiency) of Revenue Over Expenditures	(1,423,632)	(1,365,466)	(58,166)	1,751,788	5,038,281	(3,286,493)	470,145	(448,369)	918,503
<u>Other Financing Sources (Uses)</u>									
Prior Year Revenue Adjustment					(1,154,793)			(193,830)	
Prior Year Income Adjustment					(568,284)			(6,425)	
Prior Year Expenditure Adjust		(13,112)			46,031			8,853	
Prior Year Withdrawal Adjust									
Total Other Financing Sources (Uses)		(13,112)			(1,673,046)			(191,402)	
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses		(1,378,578)			3,365,235			(639,760)	
Fund Balance Beginning of Year		(12,452)			2,321,869			439,903	
Adjustments		1,414,774			184,536				
Reserve for Reverted Approp		(45,439)			(321,723)			(254,275)	
Reserve for Continuing Approp					(3,905,993)			(246,388)	
Fund Balance End of Year		(21,695)			1,643,924			700,518	

HAAS & HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

This document is an integral part of this statement.

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
RETAINED EARNINGS - BUDGET AND ACTUAL - ALL FUNDS
For Fiscal Year Ended June 30, 1981

	FIDUCIARY FUND TYPES						PROPRIETARY FUND TYPES		
	Trust and Agency Funds						Internal Service Fund		
	Federal & Private Grant Clearance Fund			Trust and Legacy Fund			Revolving Fund		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues/Income									
Trans from Nonconsolidated Agencies				8,955,100	7,041,503	(1,913,597)			
Service Fees									
Reimbursements							255,000	123,724	131,276
Licenses and Permits									
Investment Earnings				1,315,000	2,441,034	1,126,034			
Sale of Doc, Mdse & Property							60,000	79,344	(19,344)
Rentals, Leases & Royalties							102,000	90,456	11,544
Miscellaneous									
Income Collections & Transfers	4,000,000	3,011,176	988,824				212,000	205,933	6,067
Federal Assistance	24,865,617	19,941,261	4,924,356						
Grants, Gifts, Bequests & Donations	70,000	64,866	5,134						
Total Revenues/Income	28,935,617	23,017,303	5,918,314	10,270,100	9,482,537	(787,563)	629,000	499,457	129,543
Expenditures/Withdrawals									
Transfers to Nonconsolidated Agency									
Aeronautics							67,952	322,862	(254,910)
Air Transportation							376,699	516,465	(139,766)
Community Services	37,000,000	17,901,111	19,098,889						
Highway Traffic Safety		1,135,936	(1,135,936)						
Local Government Services									
Accounting & Management							2,478	2,317	161
Director's Office							1,262	311	951
Management Assistance									
Community Development	2,500,000	2,861,137	(361,137)						
Centralized Services							212,019	200,848	11,171
Special Projects									
Coordination of Indian Affairs									
Coal Board									
Research & Information							82,674	79,009	3,665
Total Expenditures	39,500,000	21,898,184	17,601,816				743,084	1,121,812	378,728
Excess (Deficiency) of Revenues									
Over Expenditures	(10,564,383)	1,119,119	(11,683,502)	10,270,100	9,482,537	(787,563)	(114,084)	(622,355)	508,271
Other Financing Sources (Uses)									
Prior Year Revenue Adjustment		115,350			1,196,862			83	
Prior Year Income Adjustment		(561)			(960,374)			119,142	
Prior Year Expenditure Adjustmt		2,942						78	
Prior Year Withdrawal Adjustmt		3,579						(4,008)	
Total Other Financing									
Sources (Uses)		121,310			236,488			115,295	
Excess (Deficiency) of Revenues									
& Other Financial Sources Over									
Expenditures & Other Uses		1,240,429			9,719,025			(507,060)	
Fund Balance Beginning of Year		261,444			23,905,145			807,893	
Adjustments								21,173	
Reserve for Reverted Appropriations								(148,316)	
Reserve for Continuing Appropriations		(20,668,325)							
Fund Balance End of Year		(19,166,452)			33,624,170			173,690	

HAAS & HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

DEPARTMENT OF COMMUNITY AFFAIRS
NOTES TO FINANCIAL STATEMENTS
Fiscal Years Ended June 30, 1980, and June 30, 1981

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The preceding financial statements were prepared from the Statewide Budgeting and Accounting System.

The State of Montana utilizes the modified accrual basis of accounting. Under the modified accrual basis of accounting expenditures are recorded on the basis of incurred costs or legal liability and revenues are recorded when received in cash unless susceptible to accrual. Revenues are susceptible to accrual if they are measurable and available to finance expenditures of the fiscal period or not received at the normal time of receipt.

2. FUND TYPES

The State of Montana accounts are organized by a fund structure as outlined in Section 17-2-102, MCA. Some funds administered by the Department have several separate accounting entities and the operations of each entity are accounted for with a separate set of self-balancing accounts that comprises assets, liabilities, equities, revenues, and expenditures.

The following fund types are used by the Department.

GOVERNMENTAL FUNDS

General Fund: The general fund is used to account for all financial resources except those required to be accounted for in another fund. General fund monies are deposited in the State Treasury and are available to defray the costs of state government. The general fund presented in these financial statements is a nonconsolidated portion of the general fund of the State of Montana. Legislative appropriation is required to spend from this fund.

Special Revenue Fund: Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. The Department used three special revenue sub-types:

1. Earmarked Revenue Funds - The earmarked revenue fund consists of monies from state sources deposited in the State Treasury which are specifically earmarked by law for the purpose of defraying the cost of a particular program of the Department. Major sources of revenue to this fund are the Coal Severance Tax, Aviation Fuel Tax, and a portion of the fines and forfeitures allocated to development of highway traffic safety programs.

The Coal Tax Revenues are available to alleviate the impact of coal development for local governments and to assist with land planning as well as for administrative expenditures of the Coal Unit. A legislative appropriation is required to spend from this fund.

2. Federal and Private Revenue Funds: This fund consists of expendable monies deposited in the State Treasury from federal and private sources which are to be used for operation of the Department. Legislative appropriation is required to expend monies from this fund.
3. Federal and Private Grant Clearance Fund: This fund consists of monies from federal and private sources deposited in the State Treasury and contracted to other state agencies and nonprofit organizations for specific federal grant purposes. Legislative appropriation is normally not required to expend from this fund, however, the Department did receive specific legislative authority for expenditure of Community Services Division grants.
4. Revolving Fund: The revolving funds accounts for receipt and expenditures of monies primarily derived from user charges. The Department utilized revolving funds to account for centralized services, operation of the West Yellowstone Airport, and capital construction projects at the West Yellowstone Airport. Other uses of revolving funds were for sale of research and information documents and operation of the State Air Transportation Division.

3. FIDUCIARY FUNDS

Trust and Agency Funds: Trust and Agency Funds are expendable trust funds used to account for assets held in trust or as an agency by the Department for others. As expendable trust funds these are accounted for in the same manner as governmental funds. Money received is not reported as revenue and money paid out is not reported as expenditures as it is not the property of the Department. The major source of additions to the fund is coal tax revenues. A legislative appropriation is not required to spend from this fund.

4. ACCOUNT GROUPS

General Fixed Asset Account Group: This account group accounts for all fixed assets of the Department other than those fixed assets accounted for in the West Yellowstone Revolving Fund. The Department has utilized the Property Accountability Management System (PAMS) which accounts for fixed assets statewide.

Fixed asset purchases are recorded as expenditures at the time of purchase and these items are then capitalized in the state's Property Accountability Management System as general fixed assets. No depreciation is recorded on general fixed assets in this account group.

5. Encumbrances: The Department uses an encumbrance accounting system, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation for that purpose. At year end, in accordance with state policy, major qualifying encumbrances are reclassified as payables and are charges to expenditures for the period.

6. Investments: The Department of Revenue collects all Coal Tax Severance monies. A portion of these funds was deposited to Local Impact and Educational Trust Funds. These funds are then invested in the short-term investment pool. As of June 30, 1981, \$8,662.639 had been invested for the Local Impact fund having a market value as of that date of \$8,097.525. A total of \$31,833.868 was invested for the Education Trust fund. \$2,894.517 of the Education Trust Fund monies was invested in the short-term investment pool with a market value of \$2,891.328 as of June 30, 1981. The remaining \$28,939.351 is invested in federal securities and corporate bonds having a market value of \$22,587.542.

7. Advances to Other Funds: Advances to other funds are entitled Inter-Entity Loans. They have not been classified into current and noncurrent portions on these financial statements. An Inter-Entity Loan of \$674,000 was made from the Federal and Private Grant Clearance Account to the Federal and Private Revenue Account to fund administrative expenditures of the Community Services Division. This loan is to be repaid when the final determination of indirect cost revenues is determined.

8. Vacation and Sick Pay: Annual leave and sick leave costs are not recorded as expenditures until the leave is taken. State law permits employees to accumulate and carry over to a new calendar year a maximum of two times their annual accumulation of vacation. An employee is then allowed 90 days of the following year to use any annual leave accumulated in excess of the allowed carryover. Upon termination, qualifying employees having unused vacation and sick leave receive payment of 100% of unused vacation leave and 25% of accumulated sick leave. The amount of the liability associated with unused accumulated vacation and sick leave at June 30, 1981, is maintained on an hourly basis rather than dollar amount. The monetary liability is not calculated until an employee terminates as the calculation is based on current salary.

9. Retirement Systems: The Department's employees are covered by the Montana Public Employees Retirement System. The plan is administered by the State of Montana. All eligible employees contribute 6% of their salaries to the plan while the Department contributes 5.9% of the employee's salary to the plan plus .3% of the salaries for administrative expenses of the plan. The unfunded past-service cost and the actuarially computed value of the vested benefits are not readily available for members of the plan employed by the Department.

10. Budget Information: The Department utilizes the fixed annual basis of budgeting. Under the fixed annual method, appropriations of specific dollar amounts are set for each fiscal year of a biennium by the legislature. Appropriations control the Department's financial operations during each fiscal year. At the end of each year, the Department general fund, earmarked revenue fund, and federal and private revenue fund appropriation authority revert to the fund of original appropriation. The reverted appropriation authority may be used in the subsequent year as authorization for valid prior year obligation.

11. Leases: The Department leased its principal headquarters from the 11th Avenue Corporation. The effective date of the lease was September 1, 1977, for a five-year period with no renewable clause and a monthly rental of \$9,300.

The Department also had a lease dated November 1979 through June 30, 1980, for 1,750 square feet of work-bench, aircraft, and office space with the joint City-County Airport Board. This lease was for \$205.63 per month.

For the period July 1, 1980 through June 1990, a hanger of 7,000 square feet and 19,200 square feet of land has been leased from the joint City-County Airport Board for \$2,163 per month.

A twenty-year lease dated July 1, 1970 with the joint City-County Airport Board is for the Aeronautics Division building with the payment due July 1 of each year of \$2,550. This lease contains an option to renegotiate fees in 1985.

Another lease has been written for a hanger from the Yuhas Skyport for period July 1979 through June 1981, storage space at \$65 a month.

These leases have been assigned to the Department of Commerce.

12. Adjustments to Fund Balance: A schedule of adjustments to fund balance is attached.



10. Budget Information: The Department utilizes the fixed annual basis of budgeting. Under the fixed annual method, appropriations of specific dollar amounts are set for each fiscal year of a biennium by the legislature. Appropriations control the Department's financial operations during each fiscal year. At the end of each year, the Department general fund, earmarked revenue fund, and federal and private revenue fund appropriation authority revert to the fund of original appropriation. The reverted appropriation authority may be used in the subsequent year as authorization for valid prior year obligation.

11. Leases: The Department leased its principal headquarters from the 11th Avenue Corporation. The effective date of the lease was September 1, 1977, for a five-year period with no renewable clause and a monthly rental of \$9,300.

The Department also had a lease dated November 1979 through June 30, 1980, for 1,750 square feet of work-bench, aircraft, and office space with the joint City-County Airport Board. This lease was for \$205.63 per month.

For the period July 1, 1980 through June 1990, a hanger of 7,000 square feet and 19,200 square feet of land has been leased from the joint City-County Airport Board for \$2,163 per month.

A twenty-year lease dated July 1, 1970 with the joint City-County Airport Board is for the Aeronautics Division building with the payment due July 1 of each year of \$2,550. This lease contains an option to renegotiate fees in 1985.

Another lease has been written for a hanger from the Yuhas Skyport for period July 1979 through June 1981, storage space at \$65 a month.

These leases have been assigned to the Department of Commerce.

12. Adjustments to Fund Balance: A schedule of adjustments to fund balance is attached.

DEPARTMENT OF COMMUNITY AFFAIRS AUDIT
NOTES TO THE FINANCIAL STATEMENTS
SCHEDULE OF ADJUSTMENTS TO FUND BALANCES

	General Fund	02138 Highway	02188 Aeronautics Division	02266 Local Impact	02267 Const. Trust	05052 Commercial Development	07010 West Yellowstone	07066 File Management	07090 Air Trans. CR	07200 Air Transportation	07021 Central Services
1980 Adjustments											
Prior Year Revenue											
Negative Cash in Treasury	1,086,833	54,142									
Net Adj. to Beginning Balance for Negative Cash & Prior Year Reserve for Reverted Appropriation	(58,308)	(269)			(784)	(309)					
Reserve for Note Receivable			(437,091)								
Note Receivable			29,352								
Inter-Agency Loan Receivable			630								
Accounts Receivable Receipts								(578)		7,895	
Buildings							382,921		97,579		
Equipment							89,679		128,310		
Purchase Contract Payable - Equipment									122,200		
Cash									(6,600)		
Unknown				(1,143)				(85)			
Total 1980	1,028,525	53,873	(407,109)	(1,143)	(784)	(309)	427,600	(663)	341,489	7,895	
1981 Adjustments											
Equipment											209
Accounts Receivable Receipts								20,964			
Negative Cash in Treasury	1,414,774	184,536									
Total 1981	1,414,774	184,536						20,964			209

HAAS & HINTZ, PSC

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
SCHEDULE OF FEDERAL GRANT RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDED JUNE 30, 1980

	Receipts	Disbursements		Total	Balance
		Direct	Indirect	Disb	
<u>Community Services Administration</u>					
Board Training		13,587	1,216	14,803	(14,803)
SOS	16,250	16,629	261	16,890	(640)
PA 09	118,670	7,915	110,304	118,219	451
SYRT - Non Pers	35,247	37,190	1,230	38,420	(3,173)
PA - 12	10,000				10,000
PA 21		(22,008)		(22,008)	22,008
Alternate Energy		39,199	1,346	40,545	(40,545)
PA 56 CEDS Inc		5,406		5,406	5,406
SYRT Personnel	13,427	3,693	1,301	4,994	8,433
EEAP Extended		(10,887)		(10,887)	10,887
SCIP - 79		53,959		53,959	(53,959)
LEEPP		187,390	10,547	197,937	(197,937)
Emergency Energy	6,361,091	5,930,582	275,845	6,206,427	154,664
Total	6,554,685	6,262,655	402,050	6,664,705	(110,020)
<u>Department of Agriculture</u>					
SFSP		15,344	1,195	16,539	(16,539)
Inst Youth 58239	1,491				1,491
FMHA 1-11 Prog	24,512	18,864		18,864	5,648
Total	26,003	34,208	1,195	35,403	(9,400)
<u>Department of Labor</u>					
In - School				551	(551)
YCCIP - ETD		(2,791)		(2,791)	2,791
YETP - 79	11,215	113,572	937	114,509	(103,294)
YCCIP - 79	174,639	78,355	10,801	89,156	85,483
Crittendon 79	(37)	16,669	2,405	19,074	(19,111)
Crittendon 80	11,275				11,275
SPEDY - 79	911,197	413,405	82,355	495,760	415,437
YETP - 80	1,315,855	1,320,073	62,853	1,382,926	(67,071)
YCCIP - 80	209,650	275,553	7,978	283,531	(73,881)
SYP	596,289	448,441	16,216	464,657	131,632
Migrant - 79		159,121	18,473	177,594	(177,594)
Res Skills - 79		48,425	2,806	51,231	(51,231)
Migrant - 80	475,220	602,438	28,573	631,011	(155,791)
FYETP - 80	346,000	389,899	17,368	407,267	(61,267)
WIN	2,073	2,073		2,073	
Migrant - 81		50		50	(50)
Total	4,053,376	3,865,283	250,765	4,116,599	(63,223)

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
SCHEDULE OF FEDERAL GRANT RECEIPTS AND DISBURSEMENTS
FOR PERIOD ENDED JUNE 30, 1980
CONTINUED

	Receipts	Disbursements Direct	Indirect	Total Disb	Balance
<u>Department of Energy</u>					
DOE - 80	1,852,368	1,922,470	86,871	2,009,341	(156,973)
DOE - 78		(57,166)		(57,166)	57,166
DOE - T & TA	114,000	105,102	4,834	109,936	4,064
DOE - 81	169,764	125,426	9,551	134,977	34,787
Total	2,136,132	2,095,832	101,256	2,197,088	(60,956)
<u>Department of Transportation</u>					
Highway Traffic Safety	1,825,573	815,730		815,730	1,009,843
UMTA	308,809	596,492		596,492	(287,683)
Total	2,134,382	1,412,222		1,412,222	722,160
<u>Department of Housing and Urban Development</u>					
701 Planning	481,459	397,384		397,384	84,075
Section 8	1,700,276	1,544,031		1,544,031	156,245
Disaster	11,736	14,361		14,361	(2,625)
Total	2,193,471	1,955,776		1,955,776	237,695
<u>Federal Aviation Administration</u>					
Plan Update	13,326				13,326
Yellowstone Study	40,481	38,018		38,018	2,463
Air Service Study	89,068	89,068		89,068	
Total	142,875	127,086		127,086	15,789
<u>Bureau of Indian Affairs</u>					
Indian Coordinator	3,600	2,405		2,405	1,195
Criminal Justice	1,628	3,462		3,462	(1,834)
Total	5,228	5,867		5,867	(639)
<u>Environmental Protection Agency</u>					
Planning	13,064	2,273		2,273	10,791
Total	13,064	2,273		2,273	10,791

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
SCHEDULE OF FEDERAL GRANT RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDED JUNE 30, 1980
CONTINUED

	Reciepts	Disbursements Direct	Indirect	Total Disb	Balance
<u>ld West</u>					
Old West	48,781	48,554		48,554	227
Total	48,781	48,554		48,554	227

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
SCHEDULE OF FEDERAL GRANT RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDED JUNE 30, 1981

	Receipts	Disbursements		Total	Balance
		Direct	Indirect	Disb	
<u>Community Services Administration</u>					
Board Training		253		253	(253)
Alternate Energy		413	474	887	(887)
CEDS		11,795	377	12,172	(12,172)
SOS	23,308	16,812		16,812	6,496
PA 07	23,309	33,783	32	33,815	(10,506)
PA 09	64,150	6,259	57,260	63,519	631
LEPP	200,000	186,051	5,002	191,053	8,947
ECAP	259,357	399,078	22,890	421,968	(162,611)
LIEAP	10,621,533	9,953,461	148,692	10,102,153	519,380
Total	11,191,657	10,607,905	234,727	10,842,632	349,025
<u>Department of Labor</u>					
SPEDY - 78		(561)		(561)	561
YETP - 80	80,838	3,045	1,592	4,637	76,201
YCCIP - 80	237,682	148,910	8,575	157,485	80,197
SYP	1,416,796	1,503,590	67,873	1,571,463	(154,667)
YETP - 81	1,048,000	960,343	61,161	1,021,504	26,496
YCCIP - 81	227,860	215,465	12,395	227,860	
California Human Development Corp	13,586	20,411	1,009	21,420	(7,834)
Migrant - 80	206,330	117,688	4,950	122,638	83,692
FYETP - 80	107,250	(28,209)		(28,209)	135,459
FYETP - 81	428,534	470,886	24,268	495,154	(66,620)
Migrant - 81	259,597	394,004	21,290	415,294	(155,697)
Total	4,026,473	3,805,572	203,113	4,008,685	17,788
<u>Department of Energy</u>					
DOE - 80		(125,143)	24,253	(100,890)	100,890
DOE - New		114,034	12,944	126,978	(126,978)
T & TA	16,032	1,560	10	1,570	14,462
DOE - 81	3,321,540	2,610,853	75,232	2,686,085	635,455
T & TA - 81	206,153	158,954	7,854	166,808	39,345
Total	3,543,725	2,760,258	120,293	2,880,551	663,174
<u>Department of Agriculture</u>					
SFSP	178,970	134,861	7,245	142,106	36,864
Res. Child Care	94,159	37,174	1,325	38,499	55,660
FMHA 1-11 Program	9,172	22,002		22,002	(12,830)
Total	282,301	194,037	8,570	202,607	79,694

STATE OF MONTANA
DEPARTMENT OF COMMUNITY AFFAIRS
SCHEDULE OF FEDERAL GRANT RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDED JUNE 30, 1981
CONTINUED

	Receipts	Disbursements		Total Disb.	Balance
		Direct	Indirect		
<u>Department of Transportation</u>					
Highway Traffic Safety Coordin.	286,757	271,144		271,144	15,6
Highway Traffic Safety Director	1,238,181	1,135,936		1,135,936	102,24
UMTA Grants	693,172	908,616		908,616	(215,4
Total	2,218,110	2,315,696		2,315,696	(97,58
<u>Department of Housing and Urban Development</u>					
701 Planning Section 8	686,755	799,300		799,300	(112,54
Disaster Assist.	2,473,024	2,239,666		2,239,666	233,3
	150,000	60,823		60,823	89,1
Total	3,309,779	3,099,789		3,099,789	209,9
<u>Bureau of Indian Affairs</u>					
Criminal Justice	5,372	4,435		4,435	9
Total	5,372	4,435		4,435	93
<u>Old West</u>					
Old West Grants	35,365	34,294		34,294	1,0
Old West Grants	78,544	72,080		72,080	6,4
Total	113,909	106,374		106,374	7,53
<u>Environmental Protection Agency</u>					
Flathead Study	10,749	11,449		11,449	(7
Total	10,749	11,449		11,449	(70
GRAND TOTALS	24,702,075	22,905,515	566,703	23,472,218	1,229,85

DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE



TED SCHWINDEN, GOVERNOR

MITCHELL BUILDING

STATE OF MONTANA

(406) 449-2032

HELENA, MONTANA 59620

November 13, 1981

Ms. Rae Haas
Haas & Hintz, PSC
Certified Public Accountants
P. O. Box 198
Helena, MT 59624

Dear Rae:

This is a response to your recently completed audit of the Department of Community Affairs which includes the Research and Information Systems Division which has since been transferred to the Department of Administration.

The file management accounts receivable has been reconciled and is now in balance. Technical assistance has been provided by the department's Centralized Services Division.

Sincerely,

A handwritten signature in cursive script that reads "Morris L. Brusett".

MORRIS L. BRUSETT
Director

po

RECOMMENDATION: Accounting and Indirect Cost Plan

- (1) Request audits from delegate agencies so that the final program audit of the Division funds can be completed.

RESPONSE: No response, responsibility for this function was transferred from the Department of Community Affairs to the Department of Social and Rehabilitative Services.

- (2) Do a complete reconciliation of the 1981 indirect cost proposal used by the Community Services Division, with the final rate being negotiated with the Department of Labor to assure payment of all administrative funds incurred by the Division.

RESPONSE: No response, responsibility for this function was transferred from the Department of Community Affairs to the Department of Social and Rehabilitative Services (SRS). Although the Community Services program was primarily assumed by SRS, the Department of Commerce will assist with finalizing the 1981 indirect cost proposal.

RECOMMENDATION: Federal Programs

- (1) Work to improve the HUD Section 8 Accounting System so that incorrect payments are not made to landlords.

RESPONSE: We concur, plans are underway to revamp the total system after the new Section 8 Regulations are distributed by the Department of Housing and Urban Development.

- (2) Establish applicable federal budgets on continuing responsibility centers.

RESPONSE: We concur

- (3) Develop uniform grant payment procedures for all federal programs administered by the Division with as much as possible being done at the Division level.

RESPONSE: We will review the procedures when the general operations of the Department have leveled out.

- (4) Reconcile the cash balances in Accounting Entity 04048 as soon as possible and implement procedures which will account for balances on individual federal programs on an on-going basis.

RESPONSE: We concur

RECOMMENDATION: Purchasing Procedures

Assure prior approval before the purchase of non-routine items as well as requiring a requisition for all routine supply items.

RESPONSE: We concur, the Department has implemented a new approval form and all non-routine and routine purchases are documented and approved by the appropriate program manager or designer.

RECOMMENDATION: Payroll Procedures

Require employees to sign their payroll status form before payroll deductions are authorized.

RESPONSE: We concur

RECOMMENDATION: Coal Board Grants

Establish the audit schedule for local grants made by the Coal Board as soon as possible.

RESPONSE: We concur, the Department plans on having an audit list sent up to the Legislative Auditor by the end of December 1981.

RECOMMENDATION: Accounts Receivable

Seek technical accounting assistance in establishing a procedure for billing, collection, and reconciliation of the accounts receivable with control account for the File Management Account of the Research and Information Systems Division.

RESPONSE: No response, function was transferred from the Department of Community Affairs to the Department of Administration.

RECOMMENDATION: Aeronautics Division's Notes Receivable

Not request warrants for grants or loan proceeds until all of the required paperwork is completed and the warrants can be distributed.

RESPONSE: We concur

RECOMMENDATION: Contingent Revolving Fund

- (1) Develop a travel advance request form with a statement of obligation to be signed by the employee.

RESPONSE: We concur, recommendation has been implemented for out-of-state travel and will be implemented for in-state travel.

- (2) Make permanent travel advances to employees with high travel requirements and record such advances on SBAS in the Employee Travel Advance Account.

RESPONSE: We concur, the Department is in the process of implementing this recommendation.

- (3) Use the Contingent Revolving Fund only for emergencies and pay all routine travel claims on SBAS transfer-warrant claims.

RESPONSE: We concur, as a result of (2) the Department is starting to implement this recommendation.

RECOMMENDATION: Fixed Asset Inventory

Review the PAMS inventory list as soon as possible and correctly identify location of all fixed assets remaining with the Department.

RESPONSE: We concur

DEPARTMENT OF LABOR AND INDUSTRY
EMPLOYMENT AND TRAINING DIVISION



TED SCHWINDEN, GOVERNOR

STATE CAPITOL

STATE OF MONTANA

(406) 449-5600

HELENA, MONTANA 59620

November 13, 1981

Matt Hims1, Chairperson
Legislative Audit Committee
Montana State Legislature
Office of Legislative Auditor
State Capitol
Helena, MT 59601

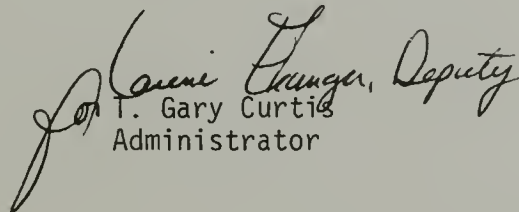
Dear Mr. Hims1:

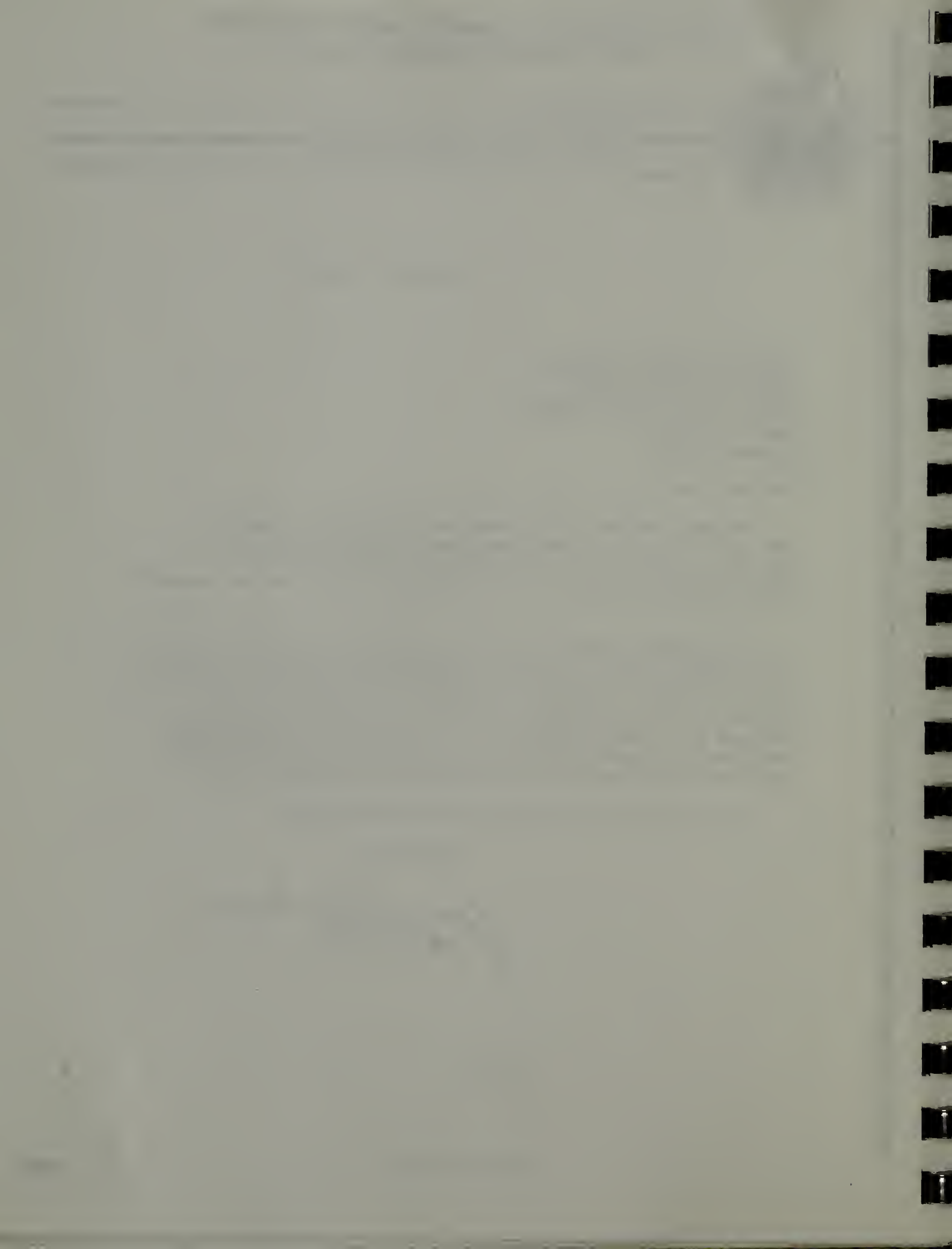
We have received and reviewed the audit report prepared by Haas and Hintz, PSC, of the Department of Community Affairs for the fiscal years ended June 30, 1980 and 1981. Specifically, we have reviewed the portion of the audit which applies to the Community Services Division.

As stated in the audit report, no final reconciliation of funds can be completed until an audit is completed for fiscal year 1981. The Comprehensive Employment and Training Act (CETA) audit for federal fiscal year 1981 is currently in progress by the audit firm of Junkermier, Clark, Campanella, Stevens, PC, and will include youth programs which were subgranted to the Community Services Division, Department of Community Affairs. The final audit report should be submitted to the Legislative Audit Committee by August 15, 1982.

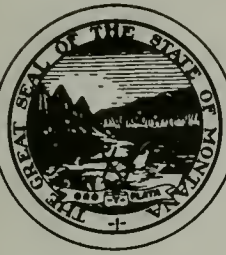
Should you have any questions, please let me know.

Sincerely,


T. Gary Curtis
Administrator



DEPARTMENT OF COMMERCE



TED SCHWINDEN, GOVERNOR

1424 9TH AVENUE

STATE OF MONTANA

(406) 449-3494

HELENA, MONTANA 59620

November 16, 1981

Rae M. Haas, C.P.A.
P.O. Box 198
Helena, MT 59624

Dear Ms. Haas:

Enclosed is a copy of the Department of Commerce's response to your audit recommendations.

Since the Department of Community Affairs was abolished as of June 30, 1981, our responses to the recommendations are limited to those programs that were transferred from that department to the new Department of Commerce. Those programs are the County Printing Board, Section 8 Housing, Coal Board, Community Planning, Transit Assistance, Aeronautics and Indian Affairs Coordinator.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gary Buchanan".

Gary Buchanan, Director
Department of Commerce

GB/BM/lpc

Enclosures (1)

DEPARTMENT OF
SOCIAL AND REHABILITATION SERVICES



TED SCHWINDEN, GOVERNOR

P.O. BOX 4210

STATE OF MONTANA

HELENA, MONTANA 59604

November 12, 1981

Mrs. Rae Haas, CPA
Haas & Hintz, PSC
314 N. Last Chance Gulch
Helena, MT 59601

Dear Rae:

In response to your draft audit of the Department of Community Affairs, please be advised that the Department of Social & Rehabilitation Services;

1. Is notifying the H.R.D.C.'s of the need to submit their audits to us at the earliest possible date.
2. Supports your recommendation that DCA/CSD's indirect cost rate be renegotiated and the new rate applied to all applicable programs.

We had no other comments on any other observations/recommendations raised in your audit.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gary Blewett".

Gary Blewett, Administrator
Economic Assistance Division

JN:ee

